



# PART 4:

## ANNUAL FINANCIAL STATEMENTS

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For the year ended 31 March 2011



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## Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit Committee members and attendance

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

Name of member	Number of meetings attended
Ms T Molefe (Chairperson)	2
Mr K Semakane	4
Ms P Williams	4
Ms L Lloyd	3
Ms M Mosweu	4
Mr V Ndzimande	3

### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), and Treasury Regulation 3.1

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.

In line with the PFMA, 1999 requirements, Internal Audit provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk-management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the *Audit Report on the Annual Financial Statements and Performance Information* and the management report of the Auditor-General, the committee noted management progress to implement internal auditors' recommendations as well as matters raised by the Auditor-General in his report. Accordingly, except for the matters raised in the Auditor-General's report, we can report that the system of internal control for the period under review was efficient and effective.

### The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA, 1999 and the Division of Revenue Act.

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

### Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements and performance information to be included in the *Annual Report* with the Auditor-General and the Accounting Officer

- reviewed and discussed the Auditor-General's management report and management's response thereto, including the Audit Report
- reviewed the department's compliance with legal and regulatory provisions
- noted that there were no significant adjustments resulting from the audit.

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

### **Internal Audit**

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audit.

### **Auditor-General**

The Audit Committee has met with the Auditor-General to ensure that there are not unresolved issues.



Tsholofelo Molefe  
Chairperson of the Audit Committee

31 July 2011

## 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

The Government Communication and Information System's (GCIS) core mandate is to meet the communication and information needs of government, and the public's need to be informed about the activities of government. This mandate requires the department to consistently ensure that the public has access to information on programmes, policies and opportunities created by government so that the widest number of people are adequately informed about how they can improve their lives and what government services are available to them. The department markets South Africa abroad and domestically through the International Marketing Council (IMC). Through the Media Development and Diversity Agency (MDDA), which develops community and small media, the department also ensures that historically disadvantaged communities gain access to the media.

#### Outcomes and outputs

The department contributes to ensuring that an efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship is attained. This outcome will be achieved by the following outputs:

- providing quality service delivery and access
- improving human resource management and development
- improving business processes, systems, decision rights and accountability management
- contributing to anti-corruption initiatives in the public sector.

One of the GCIS' strategic priorities is to operate an efficient, effective and compliant government communication organisation. In achieving this priority, GCIS will on a biannual basis conduct a customer survey to monitor customer satisfaction. Furthermore, it will strive to have personnel who have the right skills and operate in a conducive work environment. It will ensure a full staff complement that has a minimum of 5% vacancy rate; a fully implemented performance management system; a well-managed financial management system that ensures effective monitoring of usage of financial resources against the deliverables as well as effective and responsive technology for government's communication needs.

GCIS further strives to ensure direct communication with the public on the programmes of government. GCIS will conduct continuous independent research to track the response of the general public to the programmes of government and further receive inputs from the public on what they want to hear from government.

#### Key priorities over the medium term

The department's 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.

In the period 2011 to 2014, the department aims to provide better strategic support to the government communication system, including ensuring effective communication across national, provincial and local government.

## Government-wide communication system

As a response to the review of the government-wide communication system carried out in 2009/10, the department implemented several recommendations that emerged from the review. One of these was the relocation of the Communication Resource Centre to the department in April 2009. In 2010/11, the department reviewed its organisational structure, and the changes were approved by the Minister of Public Service and Administration. This means that in 2011 – 2014, the department will streamline its activities from eight to three main programmes, to ensure that similar functions are grouped together. In addition, the programmes will be headed by deputy chief executive officers to ensure strategic leadership and better control of resources and activities.

In 2009, GCIS developed the five-year national communication strategy for 2009 to 2014. The strategy was developed to drive communication priorities that are linked to government's electoral mandate. To ensure that the strategy remains relevant, it is updated annually and highlights communication priorities that may arise in the course of the year. The strategy has been presented to the senior managements of 27 national departments and to all provinces.

## The 2010 FIFA World Cup™ project unit

GCIS' 2010 FIFA World Cup™ Unit was established in April 2007 to spearhead the Government's marketing and communication initiatives for the 2010 FIFA World Cup™. Key activities included the production of booklets and fact sheets on the 2009 FIFA Confederations Cup and 2010 FIFA World Cup™, international research on perceptions about South Africa and Africa, technical maintenance and development of the Government's website for the event, the development of a 2010 mobisite for fans and visitors, engagements with communication counterparts in the Southern African Development Community, and the provision of support to the 2010 FIFA World Cup™ Organising Committee and FIFA communicators.

In the first quarter of 2010/11, an operations room for the 2010 World Cup, which gave the department the opportunity to coordinate government communication for the event from a central point, was set up. The participation of government communicators from key departments enabled the department to get more clarity and to respond rapidly to issues in the communication environment. The department also provided content development services to departments for speeches and statements during the event. The World Cup has had a significant impact on the country's international profile and South Africa is now more appealing to the international community for tourism, business and investment.

## Thusong Service Centres

The Thusong Service Centres are the main vehicles used to provide government services in predominantly rural communities and underserviced townships. It was indicated previously that the centres might shift to the Department of Cooperative Governance and Traditional Affairs from April 2010, after a review done by National Treasury's Technical Assistance Unit and the Department of Public Service and Administration, which supported the shift. However, Cabinet did not endorse the proposal and the centres have remained in GCIS. In 2010, another review was done to get a sense of the challenges facing the centres and it was recommended that the focus be on mobile and satellite technology rather than concrete structures. Acting on this long-term vision will result in greater access to services for people living near the centres. There will therefore be a shift from the number of physical centres built to ensuring universal access to information and services by poor people in marginalised areas.

### Broadening access to information

In April 2008, the department established a translation unit. Since then, the provision of information products for major government campaigns in all official languages has become a key focus area. This is in line with the objective of the Draft National Language Policy Bill, which stipulates that communities be empowered with easily accessible information in all official languages. These include one million copies of the Programme of Action publication, two million copies of a comic publication targeted at Living Standards Measures persons, a series of six radio dramas broadcast on 12 South African radio stations, mobilisation leaflets and posters for provincial offices in all languages. Products that are disseminated through provincial offices in all languages include print media, print media adapted to comic form for lower-income groups, leaflets, posters, radio dramas and public service announcements on public and community radio stations.

### Enhancing departments' communication

The department has undertaken to provide communication training to ministers. The initial phase was well received, with ministers already adopting some of the techniques towards improved communication. The department is continuing with this initiative by ensuring that all entrusted in communicating the messages of government go on courses to get properly qualified.

### Building partnerships

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

### Financial affairs

GCIS was allocated R546 184 000 for the 2010/11 financial year. An additional R4 million was allocated during the Adjusted Estimates of National Expenditure, resulting in a total of R550 184 000 in voted funds. The breakdown of the additional funds is as follows:

- R3,9 million was allocated to cover costs related to a higher than budgeted wage increase made by the Minister of Public Service and Administration.
- R100 000 cash sponsorship by a private service-provider to fund the annual Government Communicators' Award Ceremony. Although National Treasury approved the sponsorship, the funds were not deposited into GCIS bank account as the event was cancelled.

From the allocated budget of R550,184 million, R522,329 million (95%) was spent, resulting in an underspending of R27,855 million (5%). The breakdown of this underspending is as follows:

- R16,5 million that was allocated for the new GCIS Head Office Building as part of the Re Kgabisa Tshwane Project. This project was cancelled by the Department of Public Works. After consultation with National Treasury, GCIS entered into a new agreement with a service-provider in respect of the construction of a new Head Office Building. The expected completion of the building is planned for April 2012. Bearing in mind that the funds will be spent in the 2011/12 financial year regarding the purchasing of furniture,

additional security equipment, cabling, relocating costs, etc. a meeting was held with National Treasury to roll over the funds to the 2011/12 financial year.

- Earmarked funds of R6,039 million in respect of the 2010 FIFA World Cup™, mainly due to some activities that did not realise by year-end such as the expansion of the international research to other countries; a final technical report that needs final approval and which will have financial implications as well as the production of a coffee-table book and DVD.
- R100 000 in respect of a cash sponsorship for the annual Government Communicators' Award Ceremony. National Treasury allocated the amount on the total budget of GCIS but due to the cancellation of the event. The funds were not deposited in the bank account of GCIS.
- R3,52 million in respect of compensation of employees. The saving occurred mainly as a result of a decrease in personnel cost.
- R1,696 million, broken down as follows:
  - o R608 000 in respect of communication activities around the State of the Nation Address (SoNA)
  - o R552 000 in respect of the printing and distribution cost of the *Vuk'uzenzele* magazine
  - o R396 000 in respect of the Energy-Efficiency Campaign (EEC)
  - o R140 000 in respect of fix running costs such as transport, telephones, training, etc.

GCIS continues to adhere to sound financial management as stipulated in the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), and National Treasury Regulations. To ensure that GCIS is in line with the changed financial environment, the departmental financial policies are printed every second year. However, these policies are amended yearly to ensure that they still comply with the PFMA, 1999, Treasury Regulations and are in line with the organisational changes and requirements. An addendum is then made and distributed to all staff once approved by the MANCO, instead of reprinting the entire policy – by doing so saving government funds. In between, the financial circulars are issued as guided by National Treasury and the Department of Public Service and Administration (DPSA).

## 2. Virement and additional allocation during Adjustment Estimate

The following virement and additional budget allocation was approved through the Adjustments Estimates process:

Main division	Original budget (R'000)	Virement (R'000)	Roll-overs (R'000)	Other adjustments (R'000)	Adjusted ENE (R'000)
1 Administration	135 697	-	-	2 200	137 897
2 Policy and Research	19 317	616	-	130	20 063
3 G&ML	30 539	(616)	-	100	30 023
4 PC&PS	59 481	-	-	1 160	60 641
5 CSA	73 322	-	-	260	73 582
6 IMC and MDDA	187 378	-	-	-	187 378
7 Government Publication ( <i>Vuk'uzenzele</i> )	34 334	(58)	-	50	34 326
8 CRC	6 116	58	-	100	6 274
<b>TOTAL</b>	<b>546 184</b>	<b>-</b>	<b>-</b>	<b>4 000</b>	<b>550 184</b>



The above is represented by the following:

- a net increase of R3,692 million in the Compensation of Employees of which:
  - o R3,9 million was for salary increases following the Public Service Coordinating Bargaining Council resolution
  - o R208 000 was shifted from Compensation of Employees to Transfers and Subsidies (Households) due to leave gratification.
- Goods and Services had a net decrease of R277 000 that consisted of:
  - o R100 000 of self-financing expenditure that was received from Altech Autopage in respect of the Government Communicators' Awards. Although the cash sponsorship was approved by National Treasury, it was not deposited into the bank account of GCIS due to the cancellation of the event.
  - o R377 000 was shifted from Goods and Services to payments for capital assets to fund the purchase of capital equipment.
- transfers and subsidies increased by R208 000 that was shifted from Compensation of Employees to fund payments in respect of leave gratification
- the capital budget increased by R377 000 from Goods and Services to fund the purchase of capital equipment.

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	137 897	789	138 686
2 Policy and Research	20 063	(615)	19 448
3 G&ML	30 023	(2 402)	27 621
4 PC&PS	60 641	3 134	63 775
5 CSA	73 582	95	73 677
6 IMC and MDDA	187 378	-	187 378
7 Government Publication ( <i>Vuk'uzenzele</i> )	34 326	(620)	33 706
8 CRC	6 274	(381)	5 893
<b>TOTAL</b>	<b>550 184</b>	<b>-</b>	<b>550 184</b>

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

- A decrease of R167 000 in Goods and Services, which are shifted to machinery and equipment to fund the purchase of capital assets.
- An increase of R167 000 in payments for Capital Assets from Goods and Services to fund the purchase of capital assets.
- Most virements are applied between programmes where underspending is utilised to fund shortfalls in other programmes. This is mainly represented by an increase of R3,134 million in Provincial Coordination and Programme Support due to an increase in marketing material as well as an increase in fixed running cost expenditure such as travelling. This were mainly funded by Government and Media Liaison by shifting R2,402 million to fund Provincial Coordination and Programme Support.

### 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. A total amount of R61 673 was generated during the 2010/11 financial year from selling photos, videos and CDs.

The income generated from selling media space in the Government Magazine (*Vuk'uzenzele*) to private companies and other government departments amounted to R725 000. Amounts owing from advertising sold in previous years' editions and recovered in 2010/11 amounted to R200 000. Outstanding funds relating to 2010/11, which will be recovered in 2011/12, amount to R200 000. Advertising space tariffs vary between R40 000 and R100 000 for a full-page advertisement, while an agency commission of 16,5% is offered as a discount.

The income generated through sales is deposited directly into the National Revenue Fund (NRF) monthly.

#### 3.2 Inventories

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

### 4. Capacity constraints

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

GCIS has also finalised a review of the communication strategy which led to a change in the organisational structure. The new structure improves the way in how GCIS executes the National Communication Strategy and ensure more effective communication and an increased target audience. Formal approval was obtained from the Department of Public Service and Administration as well as National Treasury. As a result, the budget structure is also changed from the 2011/12 financial year and realigned to the organisational structure.

### 5. Public entities

There are two public entities under the control of GCIS, namely the International Marketing Council (IMC) and the Media Development and Diversity Agency (MDDA).

#### 5.1 International Marketing Council

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

**To achieve its objective, the IMC:**

- Through Brand South Africa, positions the country in terms of its investment- and credit-worthiness, exports, tourism and international relations objectives.
- Establishes an integrated approach within government and the private sector towards the international marketing of South Africa.
- Builds national support for the brand within South Africa itself. To achieve this, the IMC enlists the cooperation of government departments, public entities, the private sector and non-governmental organisations.
- Undertakes activities relating to the 2010 FIFA World Cup™.

**The mandate of the IMC is to:**

- assist with, contribute to and independently draft regular communication content by weekly participation in and contribution to GCIS Content Hub discussions and content development
- build South Africa's nation-brand reputation to increase the country's global competitiveness
- develop and articulate the value proposition and positioning that will drive the long-term reputation of Brand South Africa
- build pride and patriotism among South Africans with the aim of uniting the nation by encouraging all South Africans to "live" the nation brand, and in so doing define "South Africanness".

The IMC was established in 2002 to develop and implement a proactive and coordinated international marketing and communication strategy for South Africa to contribute to job creation and poverty reduction, and to attract inward investment, trade and tourism.

In 2008, a strategic review of the IMC was initiated by the Minister in The Presidency, which led to a change in the organisation's mandate, business model, strategy, performance indicators and its board of trustees. The council's revised mandate now calls for the building of South Africa's national brand to improve the country's global competitiveness by developing and articulating a value proposition and positioning that will build the long-term reputation of the country. This is to be done through its Brand South Africa Campaign. The council also aims to ensure alignment and coordination with its stakeholders in promoting the country and contributing to social cohesion through domestic initiatives aimed at building pride and patriotism.

With the 2010 FIFA World Cup™ having presented a unique media opportunity for South Africa to position and market itself internationally, the council's strategic focus after the event has been on leveraging off it to improve South Africa's profile and reputation as a viable destination for trade, investment and tourism.

The strategic focus over the medium term will be to mobilise South Africans to support and rally around South Africa as a country to market to both potential investors and visitors. The council will focus on leveraging off the successful hosting of the World Cup to further entrench South Africa's position as an emerging market that is open to business, trade, inward investment and tourism. This will be achieved largely through the development and launch of the new Brand South Africa positioning, continued stakeholder alignment through training and engagement, as well as international reputation and perception management and domestic nation-building initiatives. The council will also implement a new structure aligned to its revised mandate and continue to prioritise the African continent as well as emerging markets such as Brazil, Russia, India and China. The council will also actively seek partnership opportunities with private-sector and other stakeholders to increase the budget for implementing its programmes.

**Details of the main activities and objectives of the IMC is as follows:**

- Brand Strategy Development and Management is a programme/objective that aims to achieve coordinated nation-branding efforts to maximise brand equity, develop frameworks for Brand South Africa's positioning and messaging, drive alignment of all stakeholders with regard to nation branding and infuse nation-branding messaging across all key stakeholders. To achieve this, it developed the Brand Identity and Language Manual, conducted training and engagement sessions, distributed brand toolkits, maintained the Brand South Africa portal and hosted the Brand Summit, Brand SA awards and the Living the Brand and Active Citizens Initiatives. In 2010/11, the unit developed the new positioning, maintained the Corporate Identity, conducted extensive research on image library, monitored and refined the Brand South Africa Portal and conducted training sessions with stakeholders.
- Reputation Management manages the reputation of Brand South Africa to build positive awareness and project the country as an attractive investment, trade and tourism destination. This involves managing perceptions of Brand South Africa through strategic communication and issues management. To achieve this, the unit will conduct structured engagements such as facilitating media awareness tours, holding quarterly media breakfasts with senior editors of key publications and biannual engagements with foreign correspondents, and running regular opinion pieces on key issues. In 2010/11, the unit managed successful media roundtables in Mumbai and New Delhi as part of the India State Visit and successfully facilitated one-to-one engagements between the council's Chief Executive Officer with senior editors, including those from Primedia, Avusa Media, the Pretoria Press Club and *Sunday Times*. The unit also conducted interviews with key government leaders for the *New York Times* and *Wall Street Journal*, facilitated a survey on South Africa to coincide with the India State Visit and facilitated a Reuters interview with the President about the 2010 FIFA World Cup™.
- Brand Knowledge and Performance (Research) develops and maintains an integrated research and knowledge management strategy across global and domestic platforms to inform planning, programmes and content development. It also researches and track Brand South Africa's key performance indicators. In 2010/11, the unit conducted a pre-2010 FIFA World Cup™ international tracker and an ad-hoc quantitative research project among international visitors. The unit also started a qualitative study to understand the impact of the World Cup on how people feel about being South African.
- Stakeholder and Partner Alignment management ensures consistency and alignment in how South Africa is projected locally and internationally. The aim is to ensure coherence and consistency in the delivery of content and messages and identifying and activating stakeholder platforms through which the council can reach its audiences and achieve its outcomes. This is achieved by the holding of the annual Brand Summit with marketers and communicators to understand brand positioning, direction and the management of joint projects. In 2010/11, the unit developed and improved the stakeholder management framework and plan and made successful presentations on the new brand to key stakeholders.
- Mass Media Advertising increases awareness of branding activities and mobilises South Africans and the global audience as ambassadors for the South African Brand by reaching out to them through various media platforms. This involves selecting the relevant media platforms to reach the target market and exploring and exploiting opportunities for partnership and alignment on key nation-branding initiatives. The unit's achievements to date include appearing first in Goggle search results in March 2009, developing the Brand South Africa blog, establishing a presence for Southafrica.info on Facebook and producing South African promotional and informative videos.

## 5.2 Media Development and Diversity Agency (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 agency is to:

- create an enabling environment for media development and diversity that 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 will continue to strengthen the sector by providing and leveraging off resources, knowledge and skills. The agency's strategic focus will be:

- promoting advocacy for media development and diversity
- developing partnerships
- managing stakeholders
- 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 sector
- promoting quality programming and production in community broadcasting
- raising funds and mobilising resources.

### Details of main activities are as follows:

- Grant Funding promotes and strengthens the small commercial and community media sector by preparing calls for applications, conducting project assessment and submitting project assessment reports, selecting projects for board approval, and entering into grant agreements, disbursing grants and preparing reports on grant-funding activity.
- Advocacy for Media Development and Diversity contributes to improving the operating environment of community and small commercial media sectors by developing a strategy to increase revenue for these sectors, and engaging and mobilising support. In 2010/11, the unit successfully lobbied the Industrial Development Corporation and National Empowerment Fund for the support of the low-interest loan scheme for small commercial media, and conducted training and workshops.
- Fundraising and Resource Mobilisation strengthens, grows and protects the agency's capital, funding and resource base by increasing the level of transfers from agency's funders, increasing and maintaining funding revenue streams, and implementing the agency's fund development strategy and plan. In 2010/11, the unit revised the international fund-raising strategy and plan.
- Communication and Public Awareness enhances and positions the agency as a leader in media development and diversity by targeting mainstream media, publishing the outcomes of the perception survey, maximising awareness of the agency's brand, and strengthening the agency's presence at provincial level. In 2010/11,

the unit increased funding for the implementation of the communication strategy and developed a public sector strategy.

- Stakeholder Management strengthens relations with the agency's contractual and non-contractual stakeholders by developing partnerships with academic institutions and the South African Broadcasting Corporation, and developing and setting up summits/forums with advertising companies to promote small commercial media. In 2010/11, the unit ran a joint initiative in media development and diversity, and held the community media awards.

### 5.3 Public entity funding

Both the IMC and MDDA received transfer payments from GCIS in the 2010/11 financial year. A once-off payment of R17,265 million was made to the MDDA in April 2010, while four quarterly transfer payments totalling R170,113 million were made to the IMC, resulting in total transfers made to these two public entities of R187,378 million. GCIS holds quarterly meetings with the MDDA and IMC to obtain reports on the full transfers given to them.

## 6. Organisations to whom transfer payments have been made

Apart from the transfer payments made to the IMC and MDDA, an amount of R208 000 was paid in respect of officials who retired or passed away.

## 7. Corporate governance arrangements

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

Once again, the GCIS received an unqualified audit opinion from the Auditor-General (A-G) for the year under review as reported on page 120 of this Annual Report. There are other matters raised in the A-G's report of compliance nature which have been or will be addressed in the next financial year. Except for the matter relating to Section 30 of the Public Service Act, all other matters were identified by our internal control systems and appropriately disclosed in the financial statements.

We also like to draw your attention to contractual matters involving third parties, with an estimated value of R20 million which is disclosed in Note 17 of the financial statements – the outcome of which is unknown. As the matter involves contractual disputes, we are unable to furnish details in this report until proper investigation is undertaken and the matter brought to a logical conclusion.

During the year under review, the Management Committee (Manco) approved the revised GCIS Control Policy Statement, Risk Management Policy and Strategy, Fraud Prevention Plan and Strategy as well as the top 10 risks. The risk mitigation measures were regularly monitored to ensure that the level of the top 10 risks identified is mitigated.

The Internal Audit Committee, chaired by the CEO, held its two-monthly meetings to discuss the Internal Audit reports and A-G management, audit and progress reports prior to the quarterly Audit and Risk Committee meetings. The Audit and Risk Committee, as part of its oversight responsibilities, also monitored the quality of the in-year management reporting (quarterly financial and operating information) as well as the risk reports. Both the Internal Audit Committee and the Audit and Risk Committee operate in accordance with the approved terms of reference.

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, chaired by the CEO and comprising three Deputy CEOs as well as the Chief Financial Officer, meets monthly to review the expenditure reports, which are subsequently presented to Manco. Manco meets weekly to discuss the communication environment and review the department's work. 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 undertakes corporate social activities, while the departmental procurement policy and delegations ensure that supply chain management procedures are complied with fully.

## 8. Discontinued activities/activities to be discontinued

Due to the downscaling of the economy during the 2009/10 financial year and the carry-through effect over the medium term, the budget allocation of GCIS was reduced by R23 million in respect of 2011/12. Despite this reduction in the total budget allocation, GCIS continued to render quality service delivery after reprioritisation was effected. In addition to the aforementioned, the total budget allocation for 2011/12 was further reduced by R20 million in respect of the discontinuation of a payment in respect of a communication programme to Consumer News and Business Channel Africa (CNBC).

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 2011/12 financial year for which funding was approved by National Treasury include:

- **Video and photography support services to The Presidency**

Previously, GCIS has been providing video and photography support on a cost-recovery basis from The Presidency. The previous requests from The Presidency could be managed within GCIS' baseline allocation.

Since the inauguration of the new Administration, the support for video and photographic services to The Presidency have been increased drastically, resulting in the section's baseline allocation being unable to cover all the requests.

To cover accommodation, transportation and the consumables of equipment, National Treasury allocated R1,5 million in 2011/12; R1,6 million in 2012/13; and R1,7 million in 2013/14.

- **Media relations**

In reviewing GCIS' media-related work it was noted that most of it has been more on national liaison, which is in line with government and stakeholder engagements. This has resulted in little attention being given to foreign media engagement and to a limited extent on domestic media. In reassigning the officials in this chief directorate, it was noted that this unit does not have officials who are dedicated to servicing the foreign media based in South Africa. Studies indicated that a high level of negative publicity abroad emanates from some of the foreign journalists based in South Africa – who unfortunately have been neglected by GCIS. It also provides support to the Rapid Response Unit. An additional R1 356 000 was allocated for 2011/12; R1 439 000 for 2012/13; and R1 517 000 for 2013/14.

- **Development of communication cadre**

GCIS has been entrusted with the task of ensuring the professionalising of the communication cadre. Within the Human Resource Development unit, an additional capacity was created to coordinate and further monitor if training is taking place for government communicators. An additional R896 000 was allocated for 2011/12; R950 000 for 2012/13; and R1 003 000 for 2013/14.

- **Communication curriculum for communication cadre**

GCIS leads the strategic communication of government, ensuring coherence of messages and open and extend channels of communication between government and the people towards a shared vision. The key strategic pillar to this objective is to professionalise the communication cadre. GCIS drives the training of the Executive on how to manage the media and developed the *Government Communicator's Handbook*.

GCIS was requested by Cabinet to develop a government communication training programme and to work with the Public Administration Leadership and Management Academy in developing a curriculum which will be used in universities to train government communication cadre. GCIS oversees the workshops that are being conducted throughout the country and source material in developing the Curriculum. To cover the cost around this project for the next two financial years, GCIS was allocated R1,044 million for 2011/12 and R1,108 million in 2012/13.

- **Inflation-related adjustment: Compensation of Employees**

To absorb inflation-related adjustments as well as adjustments to the salary structures of certain occupational classes by the Department of Public Service and Administration, National Treasury allocated R5,3 million in 2011/12; R5,5 million in 2012/13; and R5,7 million in 2013/14 to cover additional salary costs.

## 10. Asset management

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

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

All policies are reviewed every two years. 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

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

## 12. Information on predetermined objectives

Performance is measured through various processes. Senior managers are required to submit monthly reports electronically. The reports contain activities of the previous month and planned activities for the next month, together with progress reports. In addition, a quarterly performance report on the attainment of milestones was done where all the activities are consolidated into one document. A Strategic Planning and Programme Management Section was established and resides under the Project Management Office, which is responsible for monitoring and reporting on performance information. These reports are tabled at Manco on a quarterly basis and forwarded to National Treasury.

The Exco holds regular meetings with the Deputy Minister in The Presidency to report on expenditure trends as well as the overall performance of activities. Expenditure and performance evaluation reports are also submitted and discussed at the quarterly external Audit Committee meetings in addition to the Internal Audit Committee meetings.

## 13. Standing Committee on Public Accounts (Scopa) resolutions

There were no Scopa resolutions in the 2010/11 financial year.

## 14. Prior modifications to audit reports

The Auditor-General reported an audit finding against predetermined objectives (performance information) in the 2009/10 Report of the Auditor-General. The matter was addressed in the revised 2010/14 Strategic Plan.



**Jimmy Manyi**  
Chief Executive Officer

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 8:

## GOVERNMENT COMMUNICATION AND INFORMATION SYSTEM

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the accompanying financial statements of the Government Communication and Information System (GCIS), which comprise the Appropriation Statement, the Statement of Financial Position as at 31 March 2011, and the Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 123 to 176.

#### 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 National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999) (PFMA), and for such internal control as management determines 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. As required by Section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), Section 4 of the Public Audit Act of South Africa, 2004 (Act 25 of 2004) (PAA) and Section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in *Government Gazette 33872 of 15 December 2010*. 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the GCIS as at 31 March 2011, 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 matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

### Significant uncertainties

9. With reference to Note 17 to 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.

### Additional matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter:

### Financial Reporting Framework

11. The Financial Reporting Framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus, my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by Section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 21 to 63 and material non-compliance with laws and regulations applicable to the department.

### Predetermined objectives

13. There are no material findings on the annual performance report.

### Compliance with laws and regulations

### Procurement and contract management

14. Certain goods and services with a transaction value of over R500 000 were not procured by means of a competitive bidding process as per the requirements of Treasury Regulations 16A6.1 and 16A6.4 and National Treasury Practice Notes 6 and 8 of 2007-08 issued in terms of Section 76(4)(c) of the PFMA, which is disclosed as irregular expenditure in Note 23 to the financial statements.

15. Employees were identified who performed remunerative work outside their employment in the department without written permission from the relevant authority as per the requirements of Section 30 of the Public Service Act of South Africa, 1994.

## Expenditure management

16. Although the accounting officer did detect and disclose irregular and fruitless and wasteful expenditure, preventative controls as per the requirements of Section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1 were not totally effective.

## Revenue management

17. The annual tariff structure for revenue was not approved by the relevant treasury as required by Treasury Regulation 7.3.1.

## INTERNAL CONTROL

18. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

## Leadership

19. The preventative monitoring controls in place at the Government Communication and Information System were breached in certain instances which indicates that the monitoring controls were not totally effective.

## OTHER REPORTS

### Investigations

20. With reference to note 17 to the financial statements, an investigation is being conducted on request of the entity. The investigation was initiated to establish whether the procurement and approval processes were followed prior to payments being made to a service-provider.

*Auditor-General*

Pretoria

31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Appropriation Statement for the year ended 31 March 2011

Appropriation per programme									
2010/11					2009/10				
	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>1. Administration</b>									
Current payment	136,311	(469)	135,842	112,853	22,989	83.1%	112,567	111,931	
Transfers and subsidies	-	-	-	64	(64)		146	146	
Payment for capital assets	1,522	1,258	2,780	2,780	-	100.0%	1,621	1,621	
Payment for financial assets	64	-	64	22	42	34.4%	-	-	
	137,897	789	138,686	115,719	22,967		114,334	113,698	
<b>2. Policy and Research</b>									
Current payment	20,043	(679)	19,364	19,297	67	99.7%	21,852	21,852	
Payment for capital assets	20	64	84	84	-	100.0%	145	145	
	20,063	(615)	19,448	19,381	67		21,997	21,997	
<b>3. Government and Media Liaison</b>									
Current payment	29,677	(2,490)	27,187	24,462	2,725	90%	30,388	30,388	
Payment for capital assets	346	88	434	433	1	99.8%	356	356	
Payment for financial assets	-	-	-	2	(2)		-	-	
	30,023	(2,402)	27,621	24,897	2,724		30,744	30,744	
<b>4. Provincial Coordination and Programme Support</b>									
Current payment	59,952	3,160	63,112	62,668	444	99.3%	55,958	55,789	
Transfers and subsidies	144	-	144	144	-	100.0%	171	171	
Payment for capital assets	545	(26)	519	519	-	100.0%	234	234	
Payment for financial assets	-	-	-	157	(157)		-	-	
	60,641	3,134	63,775	63,488	287		56,363	56,194	

<b>5. Communication Service Agency</b>										
Current payment	72,692	40	72,732	71,600	1,132	98.4%	58,910	58,593		
Transfer and subsidies	-	-	-	-	-		58	58		
Payment for capital assets	890	55	945	945	-	100.0%	658	415		
Payment for financial assets	-	-	-	8	(8)		-	-		
	73,582	95	73,677	72,553	1,124		59,626	59,066		
<b>6. International Marketing and Media Development</b>										
Transfer and subsidies	187,378	-	187,378	187,378	-	100.0%	177,973	177,973		
	187,378	-	187,378	187,378	-		177,973	177,973		
<b>7. Government Publication</b>										
Current payment	34,297	(620)	33,677	33,122	555	98.4%	35,733	35,733		
Payment for capital assets	29	-	29	29	-	100.0%	10	10		
Payment for financial assets	-	-	-	3	(3)		-	-		
	34,326	(620)	33,706	33,154	552		35,743	35,743		
<b>8. COMMUNICATION RESOURCE CENTRE</b>										
Current payment	5,894	(320)	5,574	5,440	134	97.6%	-	-		
Payment for capital assets	380	(61)	319	319	-	100.0%	-	-		
	6,274	(381)	5,893	5,759	134		-	-		
<b>TOTAL</b>	<b>550,184</b>	<b>-</b>	<b>550,184</b>	<b>522,329</b>	<b>27,855</b>	<b>94.9%</b>	<b>496,780</b>	<b>495,415</b>		

2010/11				2009/10	
Reconciliation with Statement of Financial Performance					
	Final appropriation	Actual expenditure	Final appropriation	Actual expenditure	Actual expenditure
<b>ADD:</b>					
Departmental receipts	1,558		2,869		
<b>Actual amounts per Statement of Financial Performance (total revenue)</b>	<b>551,742</b>		<b>499,649</b>		
<b>Actual amounts per Statement of Financial Performance (total expenditure)</b>		<b>522,329</b>			<b>495,415</b>

### Appropriation per economic classification

	2010/11				2009/10			
	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
<b>Current payments</b>								
Compensation of employees	150,726	-	150,726	147,203	3,523	97.7%	138,744	138,744
Goods and services	208,140	(1,378)	206,762	182,239	24,523	88.1%	176,664	175,414
<b>Transfers and subsidies</b>								
Departmental agencies & accounts	187,378	-	187,378	187,378	-	100.0%	177,973	177,973
Households	208	-	208	208	-	100.0%	375	375
<b>Payments for capital assets</b>								
Machinery and equipment	3,732	1,378	5,110	5,109	1	100.0%	2,972	2,729
<b>Software &amp; other intangible assets</b>								
Payments for financial assets	-	-	-	192	(192)		-	128
<b>TOTAL</b>	<b>550,184</b>	<b>-</b>	<b>550,184</b>	<b>522,329</b>	<b>27,855</b>	<b>94.9%</b>	<b>496,780</b>	<b>495,415</b>

**Detail per Programme 1 – Administration  
For the year ended 31 March 2011**

Detail per subprogramme	2010/11					2009/10		
	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
<b>1.1 Management</b>								
Current payment	10,015	4,809	14,824	14,813	11	99.9%	9,512	9,513
Transfers and subsidies	-	-	-	-	-	-	68	68
Payment for capital assets	15	95	110	110	-	100.0%	17	17
Payment for financial assets	-	-	-	10	(10)	-	-	-
<b>1.2 Corporate Services</b>								
Current payment	106,383	(1,269)	105,114	82,135	22,979	78.1%	89,713	89,712
Transfers and subsidies	-	-	-	64	(64)	-	78	78
Payment for capital assets	1,507	1,163	2,670	2,670	-	100.0%	1,604	1,604
Payment for financial assets	64	-	64	12	52	18.8%	-	-
<b>1.3 Office Accommodation</b>								
Current payment	19,913	(4,009)	15,904	15,905	(1)	100.0%	13,342	12,706
<b>TOTAL</b>	<b>137,897</b>	<b>789</b>	<b>138,686</b>	<b>115,719</b>	<b>22,967</b>	<b>83.4%</b>	<b>114,334</b>	<b>113,698</b>



Programme 1 per economic classification	2010/11					2009/10		
	Adjusted appropriation 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
<b>Current payments</b>								
Compensation of employees	54,285	(446)	53,839	53,145	694	98.7%	52,078	52,078
Goods and services	82,026	(23)	82,003	59,708	22,295	72.8%	60,489	59,841
	-							
<b>Transfers and subsidies to:</b>								
Households	64	-	64	64	-	100.0%	146	146
<b>Payment for capital assets</b>								
Machinery and equipment	1,522	1,258	2,780	2,780	-	100.0%	1,621	1,621
<b>Payment for financial assets</b>	-	-	-	22	(22)		-	12
<b>TOTAL</b>	<b>137,897</b>	<b>789</b>	<b>138,686</b>	<b>115,719</b>	<b>22,967</b>	<b>83.4%</b>	<b>114,334</b>	<b>113,698</b>

**Detail per Programme 2 – Policy and Research  
For the year ended 31 March 2011**

Detail per subprogramme	2010/11					2009/10		
	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
<b>2.1 Management</b>								
Current payment	1,451	(138)	1,313	1,312	1	99.9%	3,635	3,635
Payment for capital assets	20	(2)	18	18	-	100.0%	12	12
<b>2.2 Policy</b>								
Current payment	9,908	(658)	9,250	9,204	46	99.5%	6,989	6,989
Payment for capital assets	-	42	42	42	-	100.0%	-	-
<b>2.3 Research</b>								
Current payment	8,684	117	8,801	8,781	20	99.8%	11,228	11,228
Payment for capital assets	-	24	24	24	-	100.0%	133	133
<b>TOTAL</b>	<b>20,063</b>	<b>(615)</b>	<b>19,448</b>	<b>19,381</b>	<b>67</b>	<b>99.7%</b>	<b>21,997</b>	<b>21,997</b>

Programme 2 per economic classification	2010/11					2009/10		
	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
<b>Current payments</b>								
Compensation of employees	8,840	(300)	8,540	8,473	67	99.2%	7,584	7,584
Goods and services	11,203	(379)	10,824	10,824	-	100.0%	14,268	14,268
<b>Payment for capital assets</b>								
Machinery and equipment	20	64	84	84	-	100.0%	145	145
<b>TOTAL</b>	<b>20,063</b>	<b>(615)</b>	<b>19,448</b>	<b>19,381</b>	<b>67</b>	<b>99.7%</b>	<b>21,997</b>	<b>21,997</b>

**Detail per Programme 3 – Government and Media Liaison  
For the year ended 31 March 2011**

Detail per subprogramme	2010/11					2009/10		
	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
<b>3.1 Management</b>								
Current payment	5,963	(670)	5,293	4,676	617	88.3%	7,293	7,293
Payment for capital assets	178	20	198	198	-	100.0%	73	73
<b>3.2 National Liaison</b>								
Current payment	10,327	(3,864)	6,463	5,970	493	92.4%	5,789	5,789
Payment for capital assets	39	6	45	44	1	97.8%	93	93
<b>3.3 International and Media Liaison</b>								
Current payment	5,219	1,416	6,635	5,872	763	88.5%	4,596	4,595
Payment for capital assets	-	67	67	67	-	100.0%	160	160
<b>3.4 News Service</b>								
Current payment	5,958	(209)	5,749	5,348	401	93.0%	4,718	4,718
Payment for capital assets	69	(13)	56	56	-	100.0%	30	30
Payment for financial assets	-	-	-	2	(2)	-	-	-
<b>3.5 Parliamentary Liaison</b>								
Current payment	2,210	837	3,047	2,596	451	85.2%	7,992	7,993
Payment for capital assets	60	8	68	68	-	100.0%	-	-
<b>TOTAL</b>	<b>30,023</b>	<b>(2,402)</b>	<b>27,621</b>	<b>24,897</b>	<b>2,724</b>	<b>90.1%</b>	<b>30,744</b>	<b>30,744</b>

Programme 3 per economic classification	2010/11						2009/10		
	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	R'000
<b>Current payments</b>									
Compensation of employees	23,291	(2,428)	20,863	18,418	2,445	88.3%	20,224	20,224	20,224
Goods and services	6,386	(62)	6,324	6,043	281	95.6%	10,164	10,164	10,164
<b>Payment for capital assets</b>									
Machinery and equipment	346	88	434	434	-	100.0%	356	356	356
<b>Payment for financial assets</b>	-	-	-	2	(2)		-	-	-
<b>TOTAL</b>	<b>30,023</b>	<b>(2,402)</b>	<b>27,621</b>	<b>24,897</b>	<b>2,724</b>	<b>90.1%</b>	<b>30,744</b>	<b>30,744</b>	<b>30,744</b>

**Detail per Programme 4 – Provincial Coordination and Programme Support  
For the year ended 31 March 2011**

Detail per subprogramme	2010/11					2009/10		
	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
<b>4.1 Management</b>								
Current payment	1,299	42	1,341	1,341	-	100.0%	1,329	1,329
Payment for capital assets	25	1	26	26	-	100.0%	5	5
<b>4.2 Provincial Coordination</b>								
Current payment	8,978	444	9,422	9,372	50	99.5%	5,478	5,309
Payment for capital assets	40	(15)	25	25	-	100.0%	9	10
<b>4.3 Provincial Liaison</b>								
Current payment	49,675	2,674	52,349	51,955	394	92.2%	49,151	49,151
Transfers and subsidies	144	-	144	144	-	100.0%	171	171
Payment for capital assets	480	(12)	468	468	-	100.0%	220	219
Payment for financial assets	-	-	-	157	(157)	-	-	-
<b>TOTAL</b>	<b>60,641</b>	<b>3,134</b>	<b>63,775</b>	<b>63,488</b>	<b>287</b>	<b>99.5%</b>	<b>56,363</b>	<b>56,194</b>

Programme 4 per economic classification	2010/11					2009/10		
	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
<b>Current payments</b>								
Compensation of employees	40,094	2,716	42,810	42,524	286	99.3%	39,606	39,606
Goods and services	19,858	444	20,302	20,145	157	99.2%	16,352	16,079
<b>Transfers and subsidies to:</b>								
Households	144	-	144	144	-	100.0%	171	171
<b>Payment for capital assets</b>								
Machinery and equipment	545	(26)	519	518	1	99.8%	234	234
<b>Payment for financial assets</b>	-	-	-	157	(157)		-	104
<b>TOTAL</b>	<b>60,641</b>	<b>3,134</b>	<b>63,775</b>	<b>63,488</b>	<b>287</b>	<b>99.5%</b>	<b>56,363</b>	<b>56,194</b>

**Detail per Programme 5 – Communication Service Agency  
For the year ended 31 March 2011**

Detail per subprogramme	2010/11					2009/10		
	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
<b>5.1 Management</b>								
Current payment	2,933	218	3,151	3,033	118	96.3%	2,913	2,913
Payment for capital assets	16	55	71	71	-	100.0%	34	34
Payment for financial assets	-	-	-	2	(2)		-	-
<b>5.2 Marketing</b>								
Current payment	46,773	(1,667)	45,106	44,709	397	99.1%	32,004	31,687
Transfers and subsidies	-	-	-	-	-		58	58
Payment for capital assets	8	20	28	28	-	100.0%	68	68
<b>5.3 Product Development</b>								
Current payment	11,253	1,754	13,007	13,000	7	99.9%	13,253	13,253
Payment for capital assets	835	(60)	775	775	-	100.0%	539	296
Payment for financial assets	-	-	-	6	(6)		-	-
<b>5.4 Content Development</b>								
Current payment	11,733	(265)	11,468	10,858	610	94.7%	10,740	10,740
Payment for capital assets	31	40	71	71	-	100.0%	17	17
<b>TOTAL</b>	<b>73,582</b>	<b>95</b>	<b>73,677</b>	<b>72,553</b>	<b>1,124</b>	<b>98.5%</b>	<b>59,626</b>	<b>59,066</b>

2010/11	2009/10									
Programme 5 per economic classification	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure	Final appropriation	Actual expenditure
	R '000	R '000	R '000	R '000	R '000	%	R '000	R '000	R '000	R '000
<b>Current payments</b>										
Compensation of employees	16,148	840	16,988	16,958	30	99.8%	15,460	15,460	15,460	15,460
Goods and services	56,544	(800)	55,744	54,642	1,102	98.0%	43,450	43,121	43,450	43,121
<b>Transfers and subsidies to:</b>										
Households	-	-	-	-	-		58	-	58	58
<b>Payment for capital assets</b>										
Machinery and equipment	890	55	945	945	-	100.0%	606	363	606	363
Software and other intangible assets	-	-	-	-	-					
	-	-	-	-	-	52			52	
<b>Payment for financial assets</b>	-	-	-	8	(8)		-	12	-	12
<b>TOTAL</b>	<b>73,582</b>	<b>95</b>	<b>73,677</b>	<b>72,553</b>	<b>1,124</b>	<b>98.5%</b>	<b>59,626</b>	<b>59,066</b>	<b>59,626</b>	<b>59,066</b>



**Detail per Programme 6 – International Marketing and Media Development  
For the year ended 31 March 2011**

2010/11							2009/10	
Detail per subprogramme	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
<b>6.1 International Marketing Council</b>								
Transfers and subsidies	170,113	-	170,113	170,113	-	100.0%	161,381	161,381
<b>6.2 Media Development and Diversity Agency</b>								
Transfers and subsidies	17,265	-	17,265	17,265	-	100.0%	16,592	16,592
<b>TOTAL</b>	<b>187,378</b>	<b>-</b>	<b>187,378</b>	<b>187,378</b>	<b>-</b>	<b>100.0%</b>	<b>177,973</b>	<b>177,973</b>

		2010/11				2009/10			
Programme 6 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	
<b>Transfers and subsidies to:</b>									
Departmental and agencies & accounts	187,378	-	187,378	187,378	-	100.0%	177,973	177,973	
<b>TOTAL</b>	<b>187,378</b>	<b>-</b>	<b>187,378</b>	<b>187,378</b>	<b>-</b>	<b>100.0%</b>	<b>177,973</b>	<b>177,973</b>	

**Detail per Programme 7 – Government Publication  
For the year ended 31 March 2011**

2010	2009/10								
Detail per subprogramme	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	R'000	R'000
<b>7.1 Vuk'uzenzele magazine</b>									
Current payment	34,297	(620)	33,677	33,122	555	98.4%	35,733	35,733	35,733
Payment for capital assets	29	-	29	29	-	100.0%	10	10	10
Payment for financial assets	-	-	-	3	(3)	-	-	-	-
<b>TOTAL</b>	<b>34,326</b>	<b>(620)</b>	<b>33,706</b>	<b>33,154</b>	<b>552</b>	<b>98.4%</b>	<b>35,743</b>	<b>35,743</b>	<b>35,743</b>

<b>2010/11</b>									
Programme 7 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	R'000	R'000
<b>Current payments</b>									
Compensation of employees	4,055	(62)	3,993	3,993	-	100.0%	3,792	3,792	3,792
Goods and services	30,242	(558)	29,684	29,129	555	98.1%	31,941	31,941	31,941
<b>Payment for capital assets</b>									
Machinery and equipment	29	-	29	29	-	100.0%	10	10	10
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>34,326</b>	<b>(620)</b>	<b>33,706</b>	<b>33,154</b>	<b>552</b>	<b>98.4%</b>	<b>35,743</b>	<b>35,743</b>	<b>35,743</b>

**Detail per Programme 8 – Communication Resource Centre  
For the year ended 31 March 2011**

2010/11	2009/10								
Detail per subprogramme	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>8.1 Communication Resource Centre</b>									
Current payment	5,894	(320)	5,574	5,440	134	97.6%	-	-	-
Payment for capital assets	380	(61)	319	319	-	100.0%	-	-	-
<b>TOTAL</b>	<b>6,274</b>	<b>(381)</b>	<b>5,893</b>	<b>5,759</b>	<b>134</b>	<b>97.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>

2010/11						2009/10			
Programme 8 per economic classification	Adjusted appropriation	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>									
Compensation of employees	4,013	(320)	3,693	3,692	1	100.0%	-	-	-
Goods and services	1,881	-	1,881	1,748	133	92.9%	-	-	-
<b>Payment for capital assets</b>									
Machinery and equipment	380	(61)	319	319	-	100.0%	-	-	-
<b>TOTAL</b>	<b>6,274</b>	<b>(381)</b>	<b>5,893</b>	<b>5,759</b>	<b>134</b>	<b>97.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Appropriation Statement for the year ended 31 March 2011

### 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 of financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in Note 5 (Financial Transactions in Assets and Liabilities) to the annual financial statements.

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

4.1 Per programme	Final appropriation	Actual expenditure	Variance R'000	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Administration	138,686	115,719	22,967	16.6%
<p>The underspending of R23 million is mainly due to R16,5 million that was allocated towards the acquiring of a new Head Office Building. Due to the cancellation by the Department of Public Works, GCIS entered into a new agreement with a service-provider. National Treasury was requested to roll over the funds to the 2011/12 financial year as purchases towards the new building will realise in the next financial year. A further R6 million of earmarked funds that was allocated towards the 2010 FIFA World Cup™ did not realise as anticipated in respect of an international research project. The balance of the underspending is linked to compensation of employees.</p>				
Policy and Research	19,448	19,381	67	0.3%
<p>The underspending of R67 000 is mainly due to expenditure on compensation of employees that did not realise as anticipated.</p>				
Government and Media Liaison	27,621	24,897	2,724	9.9%
<p>The underspending is mainly attributed to compensation of employees as a result of vacant posts and less payments of personnel expenditure. A saving of R100 000 was also realised due to the cancellation of the Government Communicators Awards function. Although a cash sponsorship was included in the Adjusted Estimates of National Expenditure (AENE), the funds were not deposited into the bank account of GCIS.</p>				
Provincial Coordination and Programme Support	63,775	63,488	287	0.5%

The underspending is mainly attributed to compensation of employees as a result of vacant posts and less payment of personnel expenditure.

Communication Service Agency	73,677	72,553	1,124	1.5%
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The underspending is mainly attributed to R1,1 million of the Energy-Efficiency Campaign and State of the Nation Address (SoNA) projects. The balance is attributed to fixed running costs and compensation of employees.

Government Publication	33,706	33,154	552	1.6%
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The underspending of R552 000 is mainly attributed to the less-than-anticipated distribution cost of the *Vuk'uzenzele* magazine in March 2011.

Communication Resource Centre	5,893	5,759	134	2.3%
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The underspending of R134 000 is mainly attributed to less-than-anticipated expenditure on fixed running costs.

4.2 Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	150,726	147,203	3,523	2.3%
Goods and services	206,762	182,239	24,523	11.9%
Financial transactions in assets and liabilities	-	-	-	
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	187,378	187,378	-	-
Households	208	208	-	-
<b>Payments for capital assets</b>				
Machinery and equipment	5,110	5,109	1	-
Software and other intangible assets	-	-	-	-
<b>Payment for financial assets</b>	-	192	(192)	(100.0%)

The underspending of R3,5 million on Compensation of Employees is mainly attributed to vacant posts and less spending on performance bonuses. The underspending of R24,5 million on Goods and Services is mainly attributed to R16,5 million that will be rolled over to the 2011/12 financial year in respect of purchases towards the acquiring of a new Head Office Building. The previous project was cancelled by the Department of Public Works after which GCIS entered into a new agreement with a service-provider. A further R6 million was realised in respect of earmarked funds of the 2010 FIFA World Cup™. The balance is mainly due to R100 000 in respect of the Government Communicators' Awards ceremony that was cancelled; R1,1 million in respect of the Energy-Efficiency Campaign and the project in respect of the SoNA); R551 000 in respect of distribution costs of the *Vuk'uzenzele* magazine; as well as fixed running costs.

## Statement of Financial Performance

for the year ended 31 March 2011

		2010/11		2009/10
	Note	R'000		R'000
<b>REVENUE</b>				
Annual appropriation	1	550,184		496,780
Departmental revenue	2	1,558		2,869
<b>TOTAL REVENUE</b>		<b>551,742</b>		<b>499,649</b>
<b>EXPENDITURE</b>				
<b>Current expenditure</b>				
Compensation of employees	3	147,203		138,745
Goods and services	4	182,239		175,414
<b>Total current expenditure</b>		<b>329,442</b>		<b>314,159</b>
<b>Transfers and subsidies</b>		<b>187,586</b>		<b>178,347</b>
Transfers and subsidies	6	187,586		178,347
<b>Expenditure for capital assets</b>				
Tangible capital assets	7	5,109		2,729
Software and other intangible assets	7	-		52
<b>Total expenditure for capital assets</b>		<b>5,109</b>		<b>2,781</b>
<b>Payment for financial assets</b>	5	192		128
<b>TOTAL EXPENDITURE</b>		<b>522,329</b>		<b>495,415</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>29,413</b>		<b>4,234</b>
<b>Reconciliation of net surplus/(deficit) for the year</b>				
Voted funds		27,855		1,365
Annual appropriation		27,855		1,365
Departmental revenue	12	1,558		2,869
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>29,413</b>		<b>4,234</b>

## Statement of Financial Position

at 31 March 2011

		2010/11		2009/10
	Note	R'000		R'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	87,936		36,867
Prepayments and advances	9	378		60
Receivables	10	5,031		649
<b>TOTAL ASSETS</b>		<b>93,345</b>		<b>37,576</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Voted funds to be surrendered to the Revenue Fund	11	27,855		1,365
Departmental revenue to be surrendered to the Revenue Fund	12	23		80
Payables	13	64,411		33,061
<b>Non-current liabilities</b>				
Payables		961		2,886
<b>TOTAL LIABILITIES</b>		<b>93,250</b>		<b>37,392</b>
<b>NET ASSETS</b>		<b>95</b>		<b>184</b>
<b>Represented by:</b>				
Recoverable revenue		95		184
<b>TOTAL</b>		<b>95</b>		<b>184</b>

## Statement of Changes in Net Assets

for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
Recoverable revenue			
Opening balance		184	48
Transfers:		(89)	136
Debts recovered (included in departmental receipts)		(187)	(12)
Debts raised		98	148
Closing balance		95	184
<b>TOTAL</b>		<b>95</b>	<b>184</b>





## Cash Flow Statement

for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>551,742</b>	<b>499,649</b>
Annual appropriated funds received	1	550,184	496,780
Departmental revenue received	2	1,558	2,869
Net (increase)/decrease in working capital		26,650	(16,989)
Surrendered to Revenue Fund		(2,980)	(15,147)
Current payments		(329,442)	(314,159)
Payments for financial assets		(192)	(128)
Transfers and subsidies paid		(187,586)	(178,347)
<b>Net cash flow available from operating activities</b>	15	<b>58,192</b>	<b>(25,121)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(5,109)	(2,781)
<b>Net cash flows from investing activities</b>		<b>(5,109)</b>	<b>(2,781)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(89)	136
Increase/(decrease) in non-current payables		(1,925)	(2,784)
<b>Net cash flows from financing activities</b>		<b>(2,014)</b>	<b>(2,648)</b>
Net increase/(decrease) in cash and cash equivalents		51,069	(30,550)
Cash and cash equivalents at the beginning of the period		36,867	67,417
<b>Cash and cash equivalents at the end of the period</b>	16	<b>87,936</b>	<b>36,867</b>

## **Accounting policies**

### **for the year ended 31 March 2011**

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

### **1.2 Presentation currency**

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

### **1.3 Rounding**

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

### **1.4 Comparative figures**

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

### **1.5 Comparative figures — Appropriation Statement**

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

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds comprise departmental allocations. 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.

The total appropriated funds received during the year are presented in the Statement of Financial Performance.

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 is recognised as a payable in the Statement of Financial Position.

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are, however, disclosed in the disclosure note 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 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 of approval.

### 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.

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 or services are received or the funds 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 written off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentials 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 will 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 are 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 governmental 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 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.

### 5.4 Accruals

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.

### 5.5 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.

## 5.6 Lease commitments

### 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.

## 5.7 Impairment and other 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.

## 7. Net assets

### 7.1 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written off.

## 8. 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 2011

### 1. Annual appropriation

2010/11				
	Final appropriation	Actual funds received	Funds not requested/not received	Appropriation received 2009/10
	R'000	R'000	R'000	R'000
Administration	138,686	138,686	-	114,334
Policy and Research	19,448	19,448	-	21,997
Government and Media Liaison	27,621	27,621	-	30,744
Provincial Coordination and Programme Support	63,775	63,775	-	56,363
Communication Service Agency	73,677	73,677	-	59,626
International Marketing and Media Development	187,378	187,378	-	177,973
Government Publication	33,706	33,706	-	35,743
Communication Resource Centre	5,893	5,893	-	-
<b>TOTAL</b>	<b>550,184</b>	<b>550,184</b>	<b>-</b>	<b>496,780</b>

### 2. Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	2.1	1,177	2,589
Interest, dividends and rent on land	2.2	240	98
Transactions in financial assets and liabilities	2.3	141	182
<b>Departmental revenue collected</b>		<b>1,558</b>	<b>2,869</b>

#### 2.1 Sales of goods and services other than capital assets

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the department		<b>1,177</b>	<b>2,589</b>
Sales by market establishment		130	116
Other sales		1,047	2,473
<b>TOTAL</b>	<b>2</b>	<b>1,177</b>	<b>2,589</b>



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

		2010/11	2009/10
	Note	R'000	R'000
Interest		240	98
<b>TOTAL</b>	<b>2</b>	<b>240</b>	<b>98</b>

**2.3 Transactions in financial assets and liabilities**

		2010/11	2009/10
	Note	R'000	R'000
Other receipts, including recoverable revenue		141	182
<b>TOTAL</b>	<b>2</b>	<b>141</b>	<b>182</b>

**3. Compensation of employees****3.1 Salaries and wages**

		2010/11	2009/10
	Note	R'000	R'000
Basic salary		98,333	89,537
Performance award		2,183	7,058
Service-based		4	17
Compensative/circumstantial		2,320	1,339
Periodic payments		1,006	1,637
Other non-pensionable allowances		25,034	22,391
<b>TOTAL</b>		<b>128,880</b>	<b>121,979</b>

**3.2 Social contributions**

		2010/11	2009/10
	Note	R'000	R'000
<b>Employer contributions</b>			
Pension		12,505	11,780
Medical		5,792	4,972
Bargaining Council		26	14
<b>TOTAL</b>		<b>18,323</b>	<b>16,766</b>
<b>Total compensation of employees</b>		<b>147,203</b>	<b>138,745</b>
Average number of employees		471	472

#### 4. Goods and services

		2010/11	2009/10
	Note	R'000	R'000
Administrative fees		148	94
Advertising		38,543	31,944
Assets less than R5 000	4.1	1,032	902
Bursaries (employees)		417	463
Catering		964	1,016
Communication		13,043	13,162
Computer services	4.2	17,395	15,766
Consultants, contractors and agency/outsourced services	4.3	19,054	23,112
Audit cost – external	4.4	1,489	1,234
Inventory	4.5	5,021	4,937
Operating leases		16,447	12,886
Owned and leasehold property expenditure	4.6	2,113	1,906
Travel and subsistence	4.7	18,283	18,888
Venues and facilities		3,741	2,627
Training and staff development		5,308	4,400
Other operating expenditure	4.8	39,241	42,077
<b>TOTAL</b>		<b>182,239</b>	<b>175,414</b>

##### 4.1 Assets less than R5 000

		2010/11	2009/10
	Note	R'000	R'000
<b>Tangible assets</b>		<b>1,018</b>	<b>870</b>
Machinery and equipment		1,018	870
<b>Intangible assets</b>		<b>14</b>	<b>32</b>
<b>TOTAL</b>	<b>4</b>	<b>1,032</b>	<b>902</b>

##### 4.2 Computer services

		2010/11	2009/10
	Note	R'000	R'000
Sita computer services		9,062	9,019
External computer service-providers		8,333	6,747
<b>TOTAL</b>	<b>4</b>	<b>17,395</b>	<b>15,766</b>

**4.3 Consultants, contractors and agency/outsourced services**

		2010/11	2009/10
	Note	R'000	R'000
Business and advisory services		1,121	1,224
Legal costs		227	725
Contractors		3,358	7,610
Agency and support/outsourced services		14,348	13,553
<b>TOTAL</b>	<b>4</b>	<b>19,054</b>	<b>23,112</b>

**4.4 Audit cost – external**

		2010/11	2009/10
	Note	R'000	R'000
Regularity audits		1,381	1,159
Other audits		108	75
<b>TOTAL</b>	<b>4</b>	<b>1,489</b>	<b>1,234</b>

**4.5 Inventory**

		2010/11	2009/10
	Note	R'000	R'000
Learning and teaching support material		56	95
Food and food supplies		66	51
Other consumable material		205	302
Maintenance material		1,147	675
Stationery and printing		3,510	3,785
Medical supplies		37	29
<b>TOTAL</b>	<b>4</b>	<b>5,021</b>	<b>4,937</b>

**4.6 Owned and leasehold property expenditure**

		2010/11	2009/10
	Note	R'000	R'000
Municipal services		1,030	1,137
Property maintenance and repairs		217	56
Other		866	713
<b>TOTAL</b>	<b>4</b>	<b>2,113</b>	<b>1,906</b>

**4.7 Travel and subsistence**

		2010/11	2009/10
	Note	R'000	R'000
Local		16,465	18,207
Foreign		1,818	681
<b>TOTAL</b>	<b>4</b>	<b>18,283</b>	<b>18,888</b>

#### 4.8 Other operating expenditure

		2010/11	2009/10
	Note	R'000	R'000
Learnerships		-	114
Professional bodies, membership and subscription fees		49	31
Resettlement costs		462	351
Other		38,730	41,581
<b>TOTAL</b>	<b>4</b>	<b>39,241</b>	<b>42,077</b>

#### 5. Payments for financial assets

		2010/11	2009/10
	Note	R'000	R'000
Material losses through criminal conduct		13	68
Theft	5.3	13	68
Other material losses written off	5.1	158	48
Debts written off	5.2	21	12
<b>TOTAL</b>		<b>192</b>	<b>128</b>

##### 5.1 Other material losses written off

		2010/11	2009/10
	Note	R'000	R'000
<b>Nature of losses</b>			
Accident with rented vehicles		8	3
Storage cost: KwaZulu-Natal Provincial Office		150	-
"No show" accommodation cost		-	2
Storage cost: Gauteng Provincial Office		-	43
<b>TOTAL</b>	<b>5</b>	<b>158</b>	<b>48</b>

##### 5.2 Debts written off

		2010/11	2009/10
	Note	R'000	R'000
<b>Nature of debts written off</b>			
Bursary debt		18	-
State guarantee		2	-
Interest on debt		1	-
Tax debt		-	12
<b>TOTAL</b>	<b>5</b>	<b>21</b>	<b>12</b>

## 5.3 Details of theft

		2010/11	2009/10
	Note	R'000	R'000
<b>Nature of theft</b>			
Theft of laptops		13	9
Theft of toners		-	3
Theft of television: Eastern Cape Provincial Office		-	6
Theft of computer equipment: Western Cape Provincial Office		-	50
<b>TOTAL</b>	<b>5</b>	<b>13</b>	<b>68</b>

## 6. Transfers and subsidies

		2010/11	2009/10
	Note	R'000	R'000
Departmental agencies and accounts	<i>Annex 1A</i>	187,378	177,973
Households	<i>Annex 1B</i>	208	374
<b>TOTAL</b>		<b>187,586</b>	<b>178,347</b>

## 7. Expenditure for capital assets

		2010/11	2009/10
	Note	R'000	R'000
<b>Tangible assets</b>		<b>5,109</b>	<b>2,729</b>
Machinery and equipment		5,109	2,729
<b>Software and other intangible assets</b>		<b>-</b>	<b>52</b>
Computer software		-	52
<b>TOTAL</b>		<b>5,109</b>	<b>2,781</b>

## 7.1 Analysis of funds utilised to acquire capital assets – 2010/11

		Voted funds	Total
	Note	R'000	R'000
<b>Tangible assets</b>		<b>5,109</b>	<b>5,109</b>
Machinery and equipment		5,109	5,109
<b>TOTAL</b>		<b>5,109</b>	<b>5,109</b>

## 7.2 Analysis of funds utilised to acquire capital assets – 2009/10

		Voted funds	Total
	Note	R'000	R'000
<b>Tangible assets</b>		<b>2,729</b>	<b>2,729</b>
Machinery and equipment		2,729	2,729
<b>Software and other intangible assets</b>		<b>52</b>	<b>52</b>
Computer software		52	52
<b>TOTAL</b>		<b>2,781</b>	<b>2,781</b>

## 8. Cash and cash equivalents

		2010/11	2009/10
	Note	R'000	R'000
Consolidated Paymaster General Account		93,555	54,339
Disbursements		(5,717)	(17,590)
Cash on hand		98	118
<b>TOTAL</b>		<b>87,936</b>	<b>36,867</b>

## 9. Prepayments and advances

		2010/11	2009/10
	Note	R'000	R'000
Travel and subsistence		378	60
<b>TOTAL</b>		<b>378</b>	<b>60</b>

### Remarks:

The increase in travel and subsistence is due to outstanding claims against Department of International Relations and Cooperation in respect of foreign visits.

## 10. Receivables

		2010/11			2009/10	
		Less than one year	One to three years	Older than three years	Total	
	Note	R'000	R'000		R'000	
Claims recoverable	10.1 Annex3	4,780	-	-	4,780	410
Staff debt	10.2	22	17	61	100	191
Other debtors	10.3	132	-	19	151	48
<b>TOTAL</b>		<b>4,934</b>	<b>17</b>	<b>80</b>	<b>5,031</b>	<b>649</b>

**10.1 Claims recoverable**

		2010/11	2009/10
	Note	R'000	R'000
National departments		4,540	410
Provincial departments		25	-
Public entities		215	-
<b>TOTAL</b>	<b>10</b>	<b>4,780</b>	<b>410</b>

**10.2 Staff debt**

		2010/11	2009/10
	Note	R'000	R'000
Employees		81	169
Private telephone		19	22
<b>TOTAL</b>	<b>10</b>	<b>100</b>	<b>191</b>

**10.3 Other debtors**

		2010/11	2009/10
	Note	R'000	R'000
Ex-employees		151	48
<b>TOTAL</b>	<b>10</b>	<b>151</b>	<b>48</b>

**Remarks:**

Approximately R108 000 owed by an ex-employee was recovered in the 2011/12 financial year.

**11. Voted funds to be surrendered to the Revenue Fund**

		2010/11	2009/10
	Note	R'000	R'000
Opening balance		1,365	12,355
Transfer from Statement of Financial Performance		27,855	1,365
Paid during the year		(1,365)	(12,355)
<b>Closing balance</b>		<b>27,855</b>	<b>1,365</b>

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

		2010/11	2009/10
	Note	R'000	R'000
Opening balance		80	3
Transfer from Statement of Financial Performance		1,558	2,869
Paid during the year		(1,615)	(2,792)
<b>Closing balance</b>		<b>23</b>	<b>80</b>

### 13. Payables – current

	Note	2010/11 Total	2009/10 Total
Amounts owing to other entities	Annex 4	64,408	33,044
Other payables	13.1	3	17
<b>TOTAL</b>		<b>64,411</b>	<b>33,061</b>

#### 13.1 Other payables

	Note	2010/11 R'000	2009/10 R'000
Income Tax		3	16
Pension Fund		-	1
<b>TOTAL</b>	<b>13</b>	<b>3</b>	<b>17</b>

### 14. Payables – non-current

	2010/11			2009/10
		One to two years	Total	Total
	Note	R'000	R'000	R'000
Amounts owing to other entities	Annex 4	961	961	2,886
<b>TOTAL</b>		<b>961</b>	<b>961</b>	<b>2,886</b>

### 15. Net cash flow available from operating activities

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		29,413	4,234
Add back non-cash/cash movements not deemed operating activities		28,779	(29,355)
(Increase)/decrease in receivables – current		(4,382)	(325)
(Increase)/decrease in prepayments and advances		(318)	(20)
Increase/(decrease) in payables – current		31,350	(16,644)
Expenditure on capital assets		5,109	2,781
Surrenders to Revenue Fund		(2,980)	(15,147)
<b>Net cash flow generated by operating activities</b>		<b>58,192</b>	<b>(25,121)</b>



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

		2010/11	2009/10
	Note	R'000	R'000
Consolidated Paymaster-General Account		93,555	54,339
Disbursements		(5,717)	(17,590)
Cash on hand		98	118
<b>TOTAL</b>		<b>87,936</b>	<b>36,867</b>

**Remarks:**

The increase in cash and cash equivalents from 2009/10 to 2010/11 is mainly represented by the underspending of R27,855 million as reflected in the Notes to the Appropriation Statement as well as advances received from other government departments and entities in respect of communication campaigns that GCIS coordinates on their behalf

## Disclosure notes to the annual financial statements

for the year ended 31 March 2011

**17. Contingent liabilities**

		2010/11	2009/10
	Note	R'000	R'000
<b>Liable to</b>	<b>Nature</b>		
Housing loan guarantees	Employees	48	75
	Annex 2		
Other departments (interdepartmental unconfirmed balances)	Annex 4	59,809	29,953
<b>TOTAL</b>		<b>59,857</b>	<b>30,028</b>

**Remarks:**

There is legal dispute over contractual matters involving third parties, with an estimated value of R20 million the outcome of which is unknown. As a result, we are unable to furnish details in this report until proper investigation is undertaken and the matter brought to a logical conclusion.

**18. Commitments**

		2010/11	2009/10
	Note	R'000	R'000
<b>Current expenditure</b>			
Approved and contracted		42,279	44,014
		<b>42,279</b>	<b>44,014</b>
<b>Capital expenditure</b>			
Approved and contracted		299	828
		<b>299</b>	<b>828</b>
<b>Total commitments</b>		<b>42,578</b>	<b>44,842</b>

## 19. Accruals

			2010/11	2009/10
			R'000	R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	36	152	188	1,009
Capital assets	-	13	13	36
<b>TOTAL</b>	<b>36</b>	<b>165</b>	<b>201</b>	<b>1,045</b>

		2010/11	2009/10
		R'000	R'000
Listed by programme level			
1 Administration		85	85
2 Policy and Research		-	173
3 Government and Media Liaison		6	50
4 Provincial Coordination and Programme Support		43	99
5 Communication Service Agency		21	597
7 Government Publication		-	41
8 Communication Resource Centre		46	-
<b>TOTAL</b>		<b>201</b>	<b>1,045</b>

		2010/11	2009/10
		R'000	R'000
	Note		
Confirmed balances with departments	Annex 4	2,697	5,976
Confirmed balance with other government entities		2,863	-
<b>TOTAL</b>		<b>5,560</b>	<b>5,976</b>

## 20. Employee benefits

		2010/11	2009/10
		R'000	R'000
	Note		
Leave entitlement		3,778	3,415
Service bonus (13th cheque)		4,060	3,804
Performance awards		2,481	2,206
Capped leave commitments		4,679	4,550
<b>TOTAL</b>		<b>14,998</b>	<b>13,975</b>

## 21. Lease commitments

### 21.1 Operating leases expenditure

2010/11	Machinery and equipment	Total
Not later than one year	394	394
Later than one year and not later than five years	267	267
<b>Total lease commitments</b>	<b>661</b>	<b>661</b>

2009/10	Machinery and equipment	Total
Not later than one year	534	534
Later than one year and not later than five years	369	369
<b>Total lease commitments</b>	<b>903</b>	<b>903</b>

## 22. Receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets		200	200
<b>TOTAL</b>		<b>200</b>	<b>200</b>

### 22.1 Analysis of receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Opening balance		200	40
Less: amounts received		200	40
Add: amounts recognised		200	200
<b>Closing balance</b>		<b>200</b>	<b>200</b>

## 23. Irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	-
Add: Irregular expenditure	23.1	518	-
Less: Amounts not recoverable (not condoned)	23.2	(518)	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

### 23.1 Details of irregular expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2010/11	2009/10
		R'000	R'000
A request was submitted to the CFO, who referred it to the Bid Adjudication Committee to approve the use of a single service-provider for the GCIS' Government Communicators' Forum. Due to the procurement processes that were not followed, the Bid Adjudication Committee did not approve the request as supportive documentation was not provided but referred it to the Accounting Officer who did not condone the expenditure. Despite procurement processes that were not followed, value for money was received.	In process of instating disciplinary procedures against responsible officials	518	-
<b>TOTAL</b>		<b>518</b>	<b>-</b>

### 23.2 Details of irregular expenditure not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2010/11	2009/10
		R'000	R'000
Incident as per note 23.1	Accounting Officer	518	-
<b>TOTAL</b>		<b>518</b>	<b>-</b>

### 24. Fruitless and wasteful expenditure

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		-	-
Fruitless and wasteful expenditure – relating to current year		169	-
Less: Amounts condoned		(169)	-
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<b>-</b>	<b>-</b>

**24.1 Analysis of current year's fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000	2009/10 R'000
Loss of storage cost off GG-vehicle	None - no individual could be held accountable. Letter of caution was written to provincial office to ensure that all correspondence are kept in writing	150	-
Bursary debt written-off	Letter of caution submitted against relevant manager	12	-
Bursary debt written-off	Letter of caution submitted against relevant manager	6	-
Outstanding interest on debt written-off	None	1	-
<b>TOTAL</b>		<b>169</b>	<b>-</b>

**Remarks:**

All the above incidents were reported and condoned by the Theft and Losses Committee

**25. Key management personnel**

	No. of Individuals	2010/11 R'000	2009/10 R'000
Officials:			
Level 15 to 16	5	5,827	5,580
Level 14 (incl. CFO if at a lower level)	11	8,827	8,674
<b>TOTAL</b>		<b>14,654</b>	<b>14,254</b>

**26. Impairment and other provisions**

Listed by programme level	2010/11 R'000	2009/10 R'000
Debtors	14	26
<b>TOTAL</b>	<b>14</b>	<b>26</b>

## 27. Movable tangible capital assets

Movement in movable tangible capital assets per Asset Register for the year ended 31 March 2011					
	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>	<b>36,567</b>	<b>67</b>	<b>5,109</b>	<b>1,545</b>	<b>40,198</b>
Transport assets	260	6	-	-	266
Computer equipment	20,008	(88)	3,307	1,255	21,972
Furniture and office equipment	10,153	(17)	761	79	10,818
Other machinery and equipment	6,146	166	1,041	211	7,142
<b>Total movable tangible capital assets</b>	<b>36,567</b>	<b>67</b>	<b>5,109</b>	<b>1,545</b>	<b>40,198</b>

### 27.1 Additions

Additions to movable tangible capital assets per Asset Register for the year ended 31 March 2011			
	Cash	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000
<b>Machinery and equipment</b>	<b>5,013</b>	<b>96</b>	<b>5,109</b>
Computer equipment	3,057	250	3,307
Furniture and office equipment	761	-	761
Other machinery and equipment	1,195	(154)	1,041
<b>Total additions to movable tangible capital assets</b>	<b>5,013</b>	<b>96</b>	<b>5,109</b>

### 27.2 Disposals

Disposals of movable tangible capital assets per Asset Register for the year ended 31 March 2011		
	Transferred out, destroyed or scrapped	Total disposals
	R'000	R'000
<b>Machinery and equipment</b>	<b>1,545</b>	<b>1,545</b>
Computer equipment	1,255	1,255
Furniture and office equipment	79	79
Other machinery and equipment	211	211
<b>Total disposal of movable tangible capital assets</b>	<b>1,545</b>	<b>1,545</b>

## 27.3 Movement for 2009/10

Movement in movable tangible capital assets per Asset Register for the year ended 31 March 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>	<b>35,163</b>	<b>2,729</b>	<b>1,325</b>	<b>36,567</b>
Transport assets	260	-	-	260
Computer equipment	19,034	2,272	1,298	20,008
Furniture and office equipment	9,944	225	16	10,153
Other machinery and equipment	5,925	232	11	6,146
<b>Total movable tangible assets</b>	<b>35,163</b>	<b>2,729</b>	<b>1,325</b>	<b>36,567</b>

## 27.4 Minor assets

Minor assets of the department as at 31 March 2011			
	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	264	9,851	10,115
Current year adjustments to prior-year balances	(6)	(342)	(348)
Additions	-	615	615
Disposals	-	608	608
<b>Total minor assets</b>	<b>258</b>	<b>9,516</b>	<b>9,774</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	5	207	212
Number of minor assets at costs	163	6,672	6,835
<b>Total number of minor assets</b>	<b>168</b>	<b>6,879</b>	<b>7,047</b>

Minor assets of the department as at 31 March 2010			
	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Minor assets	264	9,851	10,115
<b>TOTAL</b>	<b>264</b>	<b>9,851</b>	<b>10,115</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	3	224	227
Number of minor assets at costs	170	7,102	7,272
<b>TOTAL</b>	<b>173</b>	<b>7,326</b>	<b>7,499</b>

## 28. Intangible capital assets

Movement in intangible capital assets per Asset Register for the year ended 31 March 2011					
	Opening balance	Current year adjustments to prior-year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	2,050	(419)	110	-	1,741
Other intangibles	-	304	-	24	280
<b>Total intangible capital assets</b>	<b>2,050</b>	<b>(115)</b>	<b>110</b>	<b>24</b>	<b>2,021</b>

### 28.1 Additions

Additions to intangible capital assets per Asset Register for the year ended 31 March 2011		
	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000
Computer software	110	110
<b>Total additions to intangible capital assets</b>	<b>110</b>	<b>110</b>

### 28.2 Disposals

Disposals of intangible capital assets per Asset Register for the year ended 31 March 2011		
	Transfer out or destroyed or scrapped	Total disposals
	R'000	R'000
Computer software	24	24
<b>Total disposals of intangible capital assets</b>	<b>24</b>	<b>24</b>

### 28.3 Movement for 2009/10

Movement in intangible capital assets per Asset Register for the year ended 31 March 2010				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer software	2,054	52	56	2,050
<b>TOTAL</b>	<b>2,054</b>	<b>52</b>	<b>56</b>	<b>2,050</b>



## 29. World Cup expenditure

Purchase of World Cup apparel	2010/11		2009/10
	Quantity	R'000	R'000
FIFA Pins	-	-	298
USB memory sticks	-	-	119
Clothing	187	32	177
Bags, folders and flags	24,235	374	276
Displays at nine provincial offices	1,075	25	56
<b>Total World Cup expenditure</b>	<b>25,497</b>	<b>431</b>	<b>926</b>



## Annexures to the annual financial statements for the year ended 31 March 2011

### Annexure 1A

#### Statement of Transfers to departmental agencies and accounts

Department/agency/account	Transfer allocation			Transfer			
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	2009/10 Appropriation Act R'000
International Marketing Council	170,113	-	-	170,113	170,113	100%	161,381
Media Development and Diversity Agency	17,265	-	-	17,265	17,265	100%	16,592
	<b>187,378</b>	<b>-</b>	<b>-</b>	<b>187,378</b>	<b>187,378</b>	<b>100%</b>	<b>177,973</b>

### Annexure 1B

#### Statement of Transfers to households

Households	Transfer allocation			Expenditure			
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	2009/10 Appropriation Act R'000
<b>Transfers</b>							
Leave gratuity – retirement of three officials	208	-	-	208	208	100%	-
Leave gratuity – retirement of six officials	-	-	-	-	-	-	322
Leave gratuity – death of three officials	-	-	-	-	-	-	53
<b>TOTAL</b>	<b>208</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>208</b>		<b>375</b>

**Annexure 1C**  
**Statement of Gifts, Donations and Sponsorships Received**

Name of organisation	Nature of gift, donation or sponsorship	2010/11	2009/10
		R'000	R'000
<b>Paid in cash</b>			
South African Broadcasting Corporation (SABC)	Sponsorship for Government Communicators' Awards	-	150
<b>Subtotal</b>		-	<b>150</b>
<b>Received in kind</b>			
LRM Group	Johnnie Walker Blue Label	1	-
LRM Group	Stella McCartney "Stella Nude" fragrance	1	-
LRM Group	Armani Code fragrance	1	-
Prime Media	Stainless Steel	1	-
CMO Business Consultants	Karaoke Music	3	-
Harvey World Travel	Team-building activities at East London Zoo	1	-
Africorp International Properties	Team-building activities and year-end function logistics	3	-
Mercury Media	Presidential Inauguration	-	3
Mercury Media	Directorate: Finance year-end function	-	5
SA Tourism	Jazz Festival – Hospitality	-	6
Delivery Magazine	Sponsorship for Government Communicators' Awards	-	50
Standard Bank	Sponsorship for Government Communicators' Awards	-	10
Mercury Media	Sponsorship for Government Communicators' Awards	-	162
Eskom	Sponsorship for Government Communicators' Awards	-	120
Itec	Sponsorship for Government Communicators' Awards	-	29
<b>Subtotal</b>		<b>11</b>	<b>385</b>
<b>TOTAL</b>		<b>11</b>	<b>535</b>

## Annexure 1D

### Statement of Gifts, Donations and Sponsorships Made and Remissions, Refunds and Payments Made as an Act of Grace

Nature of gift, donation or sponsorship	2010/11	2009/10
	R'000	R'000
<b>Made in kind (2010/11)</b>		
Computer equipment (30 computers, 56 monitor screens)	-	
Office equipment (4 Canon fax machines, 5 Brother printers)	-	
Office furniture (2 tray desk wood, 4 table office wood, 7 chairs, 7 stool straight, 4 stand telephone, 8 filing cabinet steel, 1 book case, bin waste refuse metal).	-	
Audiovisual equipment (5 television sets, 1 power mixer amplifier)		
Photographic equipment (5 Nikon camera body, 1 Panasonic camera, 3 Nikon lenses, 1 Quantum Turbo battery, 2 Nikon SB-26 speed lights, Hanimex TX 475 flash)	-	
<b>The following were recipients of the above items:</b>		
Thulasizw P. School, Seakomedi Project, Blue Sky College, Mpebatho H School, Ratau Makgane School, Sanads, Thlako A Thamaga School, Malekane P School, Seaparankwe, Thlako A Thamaga, Edward PC School, Mokhulwane S School, Thandulwazi P School, Taung youth Battalion, Institution for Youth Development, Tshwane TV		
<b>TOTAL</b>	-	

**Annexure 1D**  
**Statement of Gifts, Donations and Sponsorships Made and Remissions, Refunds and Payments Made as an Act of Grace**

Nature of gift, donation or sponsorship	2010/11	2009/10
	R'000	R'000
<b>Made in kind (2009/10)</b>		
Computer equipment (75 computers, 79 computer screens)	-	
Office equipment (12 printers, 6 fax machines)	-	
Office furniture (2 shredders, 1 heater, 1 chair rotary, 2 chair straight, 1 cabinet filing, 1 stand telephone, 1 table office wood, 1 vacuum cleaner, 2 fan)		
Audiovisual equipment (3 VCR Phillips, 4 VCR Panasonic, 3 VCR Sony, 1 TV Phillips 51 cm, 1 LG TV Combo 37 cm, 1 TV Panasonic)		
<b>The following were recipients of the above items:</b>		
Tshimollo Primary School, Mbongo Primary School, Tshedimosekho Development Centre, Setumo-Khiba Secondary School, Pretoria School, Saile School, United Reformed Church SA, Seakomedi Project, Christian De Wet School, Premier's Office Free State, Credence Primary School, Patogeng Primary School, Mokhulwane School, Kopano ke Maatla School, FF Ribeiro Primary School, Mkgoma Primary School, NW PLL, Thlasizwe Primary School, Thubelihle Primary School, Fundukuphuke Middle School, Kgabalatsane Primary School		
<b>TOTAL</b>		-

**Annexure 2**

**Statement of Financial Guarantees issued as at 31 March 2011 – local**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
	<b>Housing</b>								
Old Mutual		20	47	-	27	-	20	-	-
VBS Mutual Bank		18	18	-	-	-	18	-	-
Standard Bank		158	10	-	-	-	10	-	-
	<b>TOTAL</b>	<b>196</b>	<b>75</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>48</b>	<b>-</b>	<b>-</b>

**Annexure 3**  
**Claims recoverable**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Agriculture	-	-	266	-	266	-
Basic Education	-	-	1,077	261	1,077	261
Cooperative Governance and Traditional Affairs	-	-	296	-	296	-
Public Works	-	-	2,539	129	2,539	129
Trade and Industry	-	-	209	-	209	-
KZN Provincial Treasury	-	-	25	-	25	-
International Relations and Cooperation	-	-	-	20	-	20
Home Affairs	-	-	153	-	153	-
<b>Other government entities</b>						
National Youth Development Agency	-	-	215	-	215	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>4,780</b>	<b>410</b>	<b>4,780</b>	<b>410</b>

**Annexure 4**  
**Intergovernment payables**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Departments</b>						
<b>Current</b>						
Agriculture, Forestry and Fisheries	-	-	-	23	-	23
Arts and Culture	-	152	64	-	64	152
Defence	-	-	2,371	1,701	2,371	1,701
Environmental Affairs	-	-	7,000	-	7,000	-
Health	-	-	8,444	6,001	8,444	6,001
Higher Education and Training	43	-	-	-	43	-
Home Affairs	-	-	335	-	335	-
Justice	-	-	6,239	-	6,239	-
Labour	-	-	9,618	10,057	9,618	10,057
Public Service and Administration	1,614	-	-	3,339	1,614	3,339
Rural Development and Land Reform	-	-	357	-	357	-
South African Police Service	-	-	-	1,101	-	1,101
Science and Technology	549	-	-	-	549	-
Social Development	-	-	2,256	25	2,256	25
Sports and Recreation	-	3,583	-	-	-	3,583
Statistics South Africa	-	-	12,858	-	12,858	-
Transport	-	-	-	2,931	-	2,931
Water Affairs	-	717	3,971	-	3,971	717
Agriculture: Western Cape Provincial Government	-	-	73	-	73	-
Local Government and Housing: Western Cape Provincial Government	-	-	-	68	-	68
Premiers' Office: KZN Provincial Government	-	-	1,797	-	1,797	-
Roads and Transport Limpopo Provincial Government	-	-	-	341	-	341
<b>Subtotal</b>	<b>2,206</b>	<b>4,452</b>	<b>55,383</b>	<b>25,587</b>	<b>57,589</b>	<b>30,039</b>



## Annexure 4 (cont.)

## Intergovernment payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Departments</b>						
<b>Non-current</b>						
Defence	-	-	398	-	398	-
Energy	-	545	72	-	72	545
Public Service and Administration	491	-	-	1,362	491	1,362
Water Affairs	-	979	-	-	-	979
<b>Subtotal</b>	<b>491</b>	<b>1,524</b>	<b>470</b>	<b>1,362</b>	<b>961</b>	<b>2,886</b>
<b>Total</b>	<b>2,697</b>	<b>5,976</b>	<b>55,853</b>	<b>26,949</b>	<b>58,550</b>	<b>32,925</b>
<b>Other government entity</b>						
<b>Current</b>						
Companies and Intellectual Property Registration Office	-	-	-	1,304	-	1,304
Compensation Fund	-	-	2,105	-	2,105	-
International Marketing Council	-	-	304	1,700	304	1,700
National Prosecuting Authority	2,863	-	-	-	2,863	-
Public Administration Leadership and Management Academy	-	-	1,547	-	1,547	-
<b>TOTAL</b>	<b>2,863</b>	<b>-</b>	<b>3,956</b>	<b>3,004</b>	<b>6,819</b>	<b>3,004</b>

**Annexure 5**  
**Inventory**

	2010/11		2009/10	
Note	Quantity	R'000	Quantity	R'000
<b>Inventory</b>				
Opening balance	34,065	519	37,346	556
Add/(Less): Adjustments to prior-year balances	-	-	-	-
Add: Additions/purchases – Cash	163,383	8,840	206,805	7,011
Add: Additions – Non-cash	-	-	-	-
(Less): Disposals	(28)	(27)	-	-
(Less): Issues	(172,513)	(8,768)	(210,085)	(6,496)
Add/(Less): Adjustments	(22)	(183)	(1)	(552)
<b>TOTAL</b>	<b>24,885</b>	<b>381</b>	<b>34,065</b>	<b>519</b>

## Acronyms and abbreviations

<b>ABC</b>	Audit Bureau of Circulations
<b>BEE</b>	Black Economic Empowerment
<b>COGTA</b>	Department of Cooperative Governance and Traditional Affairs
<b>CRC</b>	Communication Resource Centre
<b>CSA</b>	Communication Service Agency
<b>Dirco</b>	Department of International Relations and Cooperation
<b>EEC</b>	Energy-Efficiency Campaign
<b>ENE</b>	Estimates of National Expenditure
<b>Exco</b>	Executive Committee
<b>FCA</b>	Foreign Correspondents' Association
<b>FIFA</b>	<i>Fédération Internationale de Football Association</i>
<b>GCA</b>	Government Communicators' Awards
<b>GCF</b>	Government Communicators' Forum
<b>GCIS</b>	Government Communication and Information System
<b>GCP</b>	Government Communication Programme
<b>GSC</b>	General Service Counter
<b>IGR</b>	intergovernmental relations
<b>ICT</b>	information and communications technology
<b>IMC</b>	International Marketing Council
<b>IRC</b>	Information Resource Centre
<b>LGCS</b>	Local Government Communication System
<b>LOC</b>	Local Organising Committee
<b>M&amp;E</b>	monitoring and evaluation
<b>Manco</b>	Management Committee
<b>MDDA</b>	Media Development and Diversity Agency
<b>MEC</b>	Member of the Executive Council
<b>MLO</b>	Ministerial Liaison Officer
<b>MPs</b>	Members of Parliament
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NCS</b>	National Communication Strategy
<b>NRF</b>	National Revenue Fund
<b>PHoCs</b>	provincial heads of communication
<b>PoA</b>	Programme of Action
<b>PPP</b>	Public Participation Programme
<b>SABC</b>	South African Broadcasting Corporation
<b>Sanef</b>	South African National Editors' Forum
<b>SoNA</b>	State of the Nation Address

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- Content and Writing
- Finance, Supply Chain and Auxiliary Services
- Human Resources
- Information Management and Technology
- Internal Audit
- Media Engagement
- Policy and Research
- Property and Facilities Management
- Provincial and Local Liaison
- Strategic Planning and Programme Management Office

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