



REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF HOME AFFAIRS

**ANNUAL REPORT
2001/2002**

TABLE OF CONTENTS

| | |
|---|-----------|
| PART 1: GENERAL INFORMATION | 1 |
| Introduction | 3 |
| Information on the Ministry | 5 |
| Mission Statement | 6 |
| Legislative Mandates | 7 |
| PART 2: HUMAN RESOURCE MANAGEMENT | 9 |
| Expenditure | 10 |
| Employment and Vacancies | 12 |
| Job Evaluation | 14 |
| Employment Changes | 15 |
| Affirmative Action | 18 |
| Performance Rewards | 19 |
| Foreign Workers | 21 |
| Leave | 22 |
| Labour Relations | 24 |
| Skills Development | 25 |
| Injuries on Duty | 28 |
| PART 3: PROGRAMME PERFORMANCE | 29 |
| Introduction | 30 |
| Programme Summary | 33 |
| Programme 1: Administration | 34 |
| Programme 2: Services to Citizens | 46 |
| Programme 3: Migration | 50 |
| Programme 4: Auxiliary and Associated Services | 52 |
| PART 4: AUDIT COMMITTEE REPORT | 54 |
| Department of Home Affairs | 55 |
| Government Printing Works | 57 |
| PART 5: ANNUAL FINANCIAL STATEMENTS | 60 |
| Management Report | 61 |
| Report of the Auditor-General | 66 |
| Statement of Accounting Policies and Related Matters | 70 |
| Income Statement (Statement of Financial Performance) | 73 |
| Balance Sheet (Statement of Financial Position) | 74 |
| Statement of Changes in Net Assets/Equity | 75 |
| Cash Flow Statement | 76 |
| Notes to the Annual Financial Statements | 77 |
| Appropriation Statement | 91 |
| Notes to the Appropriation Statement | 93 |
| Statement of Foreign Aid Assistance Received | 94 |

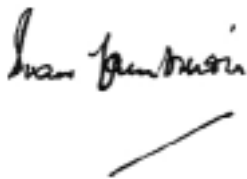
| | |
|---|-----|
| ANNEXURE A: ANNUAL FINANCIAL STATEMENTS: GOVERNMENT PRINTING WORKS | 95 |
| Management Report | 96 |
| Report of the Auditor-General | 102 |
| Balance Sheet | 107 |
| Income Statement | 108 |
| Cash Flow Statement | 109 |
| Statement of Changes in Net Assets/Equity | 110 |
| Notes to the Annual Financial Statements | 111 |
| Detailed Income Statement | 116 |

PART 1
GENERAL INFORMATION

REPORT OF THE DEPARTMENT OF HOME AFFAIRS

1 April 2001 – 31 March 2002

Minister, I have the honour to submit herewith the report on the work of the Department of Home Affairs for the financial year ending 31 March 2002, in compliance with section 40 (1)(d) and section 55 (1)(d) of the Public Finance Management Act, 1999 (Act No 1 of 1999) as amended.



I LAMBINON
ACTING DIRECTOR-GENERAL
DATE:

INTRODUCTION

In the year under review the work of the Department of Home Affairs continued to contribute to efforts to create a better life for all South Africans. Significant progress in this regard has been made within the two core functional areas of the Department, namely Civic Services and Migration.

In view of continuous financial constraints, it is becoming increasingly important to work smarter. We are moving from manual processes to electronic systems, gradually computerising more and more offices. At the same time automation will also assist the Department to curb corruption amongst officials by eliminating weaknesses in the current largely manual system and providing auditable checks and balances.

Within Civic Services the Department is implementing the Electronic Document Management System (E-DMS), which will result in effective, real-time, online automated document management from capture to business transaction, thus significantly improving business process efficiency. The system will make Home Affairs records and archiving information available for immediate access to any authorised employee at workstations in the entire system, both nationally and internationally. This system will eventually be integrated with the National Population Register. It can indeed be regarded as the first step towards re-writing of the Population Register. The commissioning date for Phase 1 of this project is 1 October 2002.

Significant progress has been made in this reporting year with the implementation of the Home Affairs National Identification System (HANIS), which will replace the manual fingerprinting process with an electronic process and which will replace identity documents with identity cards. The first four phases of this project, which was approved by the Cabinet in 1996, was completed by 18 February 2002. This project, once completed, will also significantly enhance service delivery by the Department of Home Affairs.

A stronger information technology core will allow the devolution of civic affairs service delivery to municipalities and one-stop government facilities, so that our citizens will eventually be able to obtain identity documents, registration of births, deaths and marriages and related certificates from a variety of points of distributions, including municipal offices.

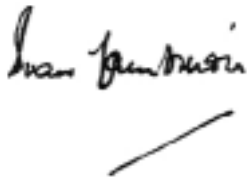
Within the Migration line functional area, the introduction of the Immigration Bill has been a highlight of this reporting year. The Immigration Bill will bring an enormous improvement on the present uncertainty and levels of discretion. The Immigration Act, once implemented, will bring immigration control into compliance with the highest standards of human rights protection and administrative and judicial review, while placing South Africa on par with many other countries in respect of many of its provisions, especially in respect of investors' and intra-company transfer permits.

The new system of migration control expressed by the Immigration Bill will provide a comprehensive structural rearrangement of migration control and consequently the Department. The restructuring of migration control will also offer the opportunity to commence the process of planning the devolution of the delivery aspects of civic services to municipalities.

In 2001 the Department embarked on the drafting and implementation of its first Strategic Plan as required by the Public Finance Management Act. This plan has set the key priorities, direction and momentum for the Department to improve on service delivery and to strive towards achieving its newly set vision of "Rendering World-class Service". This report reflects on the extent to which the Department has progressed on this strategic road.

A special word of thanks is extended to the staff of the Department who continued to render an effective and friendly service to the public with diligence and dedication, despite the financial and human resource constraints under which the Department has had to function. Unfortunately the small percentage of the Department's staff who make themselves guilty of corrupt practices tend to receive more publicity than the vast majority who render an exemplary service.

The Department also wishes, once again, to thank the Department of Foreign Affairs, the South African Revenue Service and the South African Police Service for their cooperation in mutually encompassing tasks.

A handwritten signature in black ink, appearing to read "I LAMBINON", with a single diagonal line drawn below it.

**I LAMBINON
ACTING DIRECTOR-GENERAL
DEPARTMENT OF HOME AFFAIRS**

INFORMATION ON THE MINISTRY

The Minister of Home Affairs has executive authority over the Department of Home Affairs, the Government Printing Works, the Independent Electoral Commission, the Film and Publication Board, the Immigration Selection Board and the Refugee Appeal Board.

The Minister of Home Affairs submitted the following Bills to the legislature during the reporting year:

- **The Immigration Bill**

The Immigration Bill seeks to repeal the Aliens Control Act in whole, of which a number of sections were declared unconstitutional during the course of 2000 and 2001.

- **Births and Deaths Registration Amendment Bill**

This Bill seeks to make amendments to the principal Act, the Births and Deaths Registration Act, 1992 (Act No 51 of 1992). In the main it will lower the age of majority from 21 to 18 years for purposes of this Act, and also provide for the registration of a child in the surname of both parents.

The Minister of Home Affairs did not conduct any official visits abroad during the reporting year.

MISSION STATEMENT

The mission of the Department of Home Affairs is ***to commit itself, as required by stipulated mandates, to determine and confirm status of persons by providing enabling documents in the interest of promoting and protecting the national integrity.***

Mission Success Factors

In the quest for realising the mission of the Department the following factors have been identified as critical to ensure compliance with stakeholder, customer and staff members' expectations:

- Client focus orientation
- Reliable documentation
- Quality service
- Accessibility of services
- Professional staff orientation
- Compliance with mandates
- Corruption-free system

VISION STATEMENT

The vision of the Department of Home Affairs is “***Rendering a World-class Service***”.

LEGISLATIVE MANDATE

The mandates of the Department of Home Affairs are embedded in the following legislation and policy documents:

CIVIC SERVICES:

- The Births and Deaths Registration Act, 1992 (Act No 51 of 1992) as amended
- The Marriage Act, 1961 (Act No 25 of 1961)
- The Immorality and Prohibition of Mixed Marriages Amendment Act, 1985 (Act No 72 of 1985)
- The Recognition of Customary Marriages Act, 1998 (Act No 120 of 1998)
- The Identification Act, 1997 (Act No 68 of 1997)
- The South African Citizenship Act, 1995 (Act No 88 of 1995) as amended
- The South African Passports and Travel Documents Act, 1994 (Act No 4 of 1994) as amended

MIGRATION:

- The Aliens Control Act, 1991 (Act No 96 of 1991)
- The Refugee Act, 1998 (Act No 130 of 1998)
- The Criminal Procedures Act, 1977 (Act No 51 of 1977)
- The Universal Declaration of Human Rights as adopted by the General Assembly of the United Nations on 15 December 1948
- The Basic Agreement between the S A Government and the United Nations High Commissioner for Refugees (UNHCR), 6 September 1993
- The 1951 United Nations Convention Relating to the Status of Refugees
- The 1967 Protocol on Specific Aspects of Refugees Protection
- The Organization for African Unity Convention Governing Specific Aspects of Refugee Problems in Africa, 1996
- The UNHCR Handbook on criteria and procedures for the determination of refugee status, 1997

OTHER MANDATES:

- The Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996)
- The Public Service Act, 1994 (Act No 108 of 1994)
- The Labour Relations Act, 1996 (Act No 66 of 1996)
- The Public Finance Management Act, 1999 (Act No 1 of 1999) as amended
- The Employment Equity Act, 1998 (Act No 55 of 1998)
- The Basic Conditions of Employment Act, 1997 (Act No 75 of 1997)
- The Skills Development Act, 1998 (Act No 97 of 1998)
- The Skills Development Levies Act, 1999 (Act No 9 of 1999)
- The South African Qualifications Authorities Act, 1995 (Act No 58 of 1995)

- The Promotion of Access to Information Act, 2000 (Act No 2 of 2000)
- The Exchequer Act, 1975 (Act No 66 of 1975)
- The Public Holidays Act, 1994 (Act No 36 of 1994)

- The Imprint Act, 1993 (Act No 43 of 1993) as amended
- The Films and Publications Act, 1996 (Act No 65 of 1996)

PART 2

HUMAN RESOURCE MANAGEMENT

1. EXPENDITURE

The following tables summarise final audited expenditure by programme (Table 1.1) and by salary level (Table 1.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary levels within the Department.

| Programme | Total Expenditure | Personnel Expenditure | Administrative Expenditure | Professional and Special Services | Personnel cost as a percentage of total expenditure | Average personnel cost per employee |
|-----------------------------------|-------------------|-----------------------|----------------------------|-----------------------------------|---|-------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | | |
| Administration | 188,076 | 112,058 | 36,964 | 27,593 | 59.58% | 99.17 |
| Services to Citizens | 626,832 | 248,226 | 31,488 | 70,815 | 39.60% | 66.89 |
| Migration | 163,315 | 118,783 | 15,833 | 22,640 | 72.73% | 113.78 |
| Auxiliary and associated services | 141,283 | - | - | - | - | |
| TOTAL | 1,119,506 | 479,067 | 84,285 | 121,048 | 42.79% | 81.31 |

| Programme | Total Expenditure | Personnel Expenditure | Administrative Expenditure | Professional and Special Services | Personnel cost as a percentage of total expenditure | Average personnel cost per employee |
|---------------------------|-------------------|-----------------------|----------------------------|-----------------------------------|---|-------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | | R'000 |
| Salary level 1-2 | | 45,332 | | | | 56.38 |
| Salary level 3-5 | | 144,999 | | | | 55.32 |
| Salary level 6-8 | | 240,648 | | | | 105.55 |
| Salary level 9-12 | | 32,814 | | | | 198.87 |
| Salary level 13-14 | | 12,694 | | | | 577.00 |
| (professionals) | | 275 | | | | 0 |
| Senior Management Service | | 2,305 | | | | 67.79 |
| TOTAL | 1,119,506 | 479,067 | 84,285 | 121,048 | | 81,31 |

The following tables provide a summary by programme (Table 1.3) and salary level (Table 1.4) of expenditure incurred as a result of overtime, allowances and benefits.

| TABLE 1.3 – Overtime, Allowances, and benefits by programme, 2001/02 | | | | | | |
|---|------------------------|-----------------------------|--------------------------|-----------------------------|------------------------|-----------------------------|
| | Overtime Amount | % of personnel costs | Allowances Amount | % of personnel costs | Benefits Amount | % of personnel costs |
| | R'000 | | R'000 | | R'000 | |
| Administration | 1,629 | 1.45 | 16,653 | 14.86 | 15,425 | 13.79 |
| Services to Citizens | 1,173 | 0.47 | 10,518 | 4.24 | 44,383 | 17.88 |
| Migration | 2,503 | 2.11 | 5,538 | 4.66 | 20,842 | 17.55 |
| Auxiliary and associated services | - | - | - | - | - | - |
| | 5,305 | 1.11 | 32,709 | 6.83 | 80,677 | 16.84 |

| TABLE 1.4 – Overtime, Allowances, and benefits by salary level, 2001/02 | | | | | | |
|--|------------------------|-----------------------------|--------------------------|-----------------------------|------------------------|-----------------------------|
| Salary Levels | Overtime Amount | % of personnel costs | Allowances Amount | % of personnel costs | Benefits Amount | % of personnel costs |
| | R'000 | | R'000 | | R'000 | |
| Salary levels 1-2 | 447 | 0.99 | 1,095 | 2.42 | 4,897 | 10.80 |
| Salary levels 3-5 | 2,223 | 1.53 | 5,066 | 3.49 | 22,823 | 15.74 |
| Salary levels 6-8 | 2,533 | 1.05 | 21,305 | 8.85 | 47,149 | 19.59 |
| Salary levels 9-12 | 63 | 0.19 | 1,804 | 5.50 | 4,163 | 12.69 |
| Salary levels 13-14 (Professional) | 34 | 0.27 | 3,009 | 23.7 | 1,382 | 10.89 |
| Management service | 5 | 0.22 | 430 | 18.66 | 26,3 | 11.41 |
| Total | 5,305 | 1.11 | 32,709 | 6.83 | 80,677 | 16.84 |

2. EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies. The first table (Table 2.1) provides the approved establishment as at 31 March 2002 and provides an estimate of the size of the establishment over the MTEF period.

| Programme | Approved Establishment | Medium-term establishment estimate 2002/2003 |
|-------------|------------------------|--|
| Programme 1 | 1,512 | R 226,436 |
| Programme 2 | 4,596 | R 668,733 |
| Programme 3 | 1,333 | R 242,410 |
| Programme 4 | 13 | R 601,709 |
| | 7,454 | |

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment.

| Programme | Establishment | Number of employees | Vacancy Rate | Additional to the Establishment |
|---|---------------|---------------------|--------------|---------------------------------|
| Ministry | 13 | 11 | 15.38 | 0 |
| Deputy Minister | 7 | 6 | 14.29 | 0 |
| Director-General | 1 | 1 | 0.00 | 0 |
| DG's Secretariat | 6 | 5 | 16.67 | 0 |
| Internal Audit | 19 | 5 | 73.68 | 0 |
| Refugee Affairs Appeal Board | 8 | 4 | 50.00 | 0 |
| Film & Publication Board | 13 | 7 | 46.15 | 1 |
| Chief Directorate: Civic Services | 1,046 | 883 | 15.58 | 5 |
| Chief Directorate: Strategic Planning | 50 | 35 | 30.00 | 10 |
| Directorate: Security & Ethical Conduct | 71 | 49 | 30.99 | 18 |
| Chief Directorate: Human Resources | 145 | 89 | 38.62 | 5 |
| Chief Directorate: Legal Services | 15 | 10 | 33.33 | 0 |
| Chief Directorate: Financial Management | 287 | 211 | 26.48 | 4 |
| Chief Directorate: Migration | 234 | 170 | 27.35 | 9 |
| Chief Directorate: Information | 80 | 56 | 30.00 | 14 |

| | | | | |
|-------------------|--------------|--------------|--------------|------------|
| Technology | | | | |
| Regions: | | | | |
| Western Cape | 561 | 340 | 39.39 | 31 |
| Eastern Cape | 582 | 532 | 8.59 | 9 |
| Northern Cape | 173 | 140 | 19.08 | 0 |
| Gauteng East | 712 | 575 | 19.24 | 47 |
| Gauteng West | 629 | 472 | 24.96 | 0 |
| Northern Province | 650 | 552 | 15.08 | 14 |
| Mpumalanga | 537 | 429 | 20.11 | 24 |
| North West | 606 | 475 | 21.62 | 0 |
| Free State | 389 | 345 | 11.31 | 0 |
| Kwazulu Natal | 620 | 490 | 20.97 | 0 |
| TOTAL | 7,454 | 5,892 | 20.95 | 191 |

| TABLE 2.3 – Employment and vacancies by salary band, 31 March 2002 | | | | |
|---|---------------|---------------------|--------------|-----------------------------|
| Salary band | Establishment | Number of employees | Vacancy Rate | Additional to Establishment |
| Salary levels 1-2 | 1,271 | 804 | 36.74 | 0 |
| Salary levels 3-5 | 2,659 | 2,621 | 1.43 | 155 |
| Salary levels 6-8 | 3,269 | 2,280 | 30.25 | 30 |
| Salary levels 9-12 | 222 | 165 | 25.68 | 4 |
| Salary levels 13-14 | 32 | 22 | 31.25 | 2 |
| Professionals | 1 | 0 | 100.00 | 0 |
| TOTAL | 7,454 | 5,892 | 20.95 | 191 |

| TABLE 2.4 – Employment and vacancies by critical occupation, March 2002 | | | | |
|--|---------------|---------------------|--------------|---------------------------------|
| Critical occupations | Establishment | Number of employees | Vacancy Rate | Additional to the Establishment |
| Information Technology | 80 | 56 | 30.00 | 24 |
| Immigration Officer | 702 | 966 | -37.61 | 264 |

| | | | | |
|--------------|------------|--------------|---------------|------------|
| | | | | |
| TOTAL | 782 | 1,022 | -30.69 | 288 |

3. JOB EVALUATION

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

| TABLE 3.1 – Job Evaluation, 1 April 2001 to 31 March 2002 | | | | | | |
|--|---------------|--------------------------|----------------|------------|------------------|------------|
| | Establishment | Number of Jobs Evaluated | Posts Upgraded | | Posts Downgraded | |
| | | | Number | % of Total | Number | % of Total |
| Salary Levels 1-2 | 950 | 0 | 0 | 0 | 0 | 0 |
| Salary Levels 3-5 | 3,376 | 0 | 0 | 0 | 0 | 0 |
| Salary Levels 6-8 | 2,840 | 0 | 0 | 0 | 0 | 0 |
| Salary Levels 9-12 | 245 | 0 | 0 | 0 | 0 | 0 |
| Salary Levels 13-14 (Professional) | 1 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service | 42 | 16 | 0 | 0 | 0 | 0 |
| Total | 7,454 | 16 | 0 | 0 | 0 | 0 |

The following table provides a summary of the number of employees absorbed in upgraded posts.

| TABLE 3.2 – Profile of employees absorbed in upgraded posts, 1 April 2001 to 31 March 2002 | |
|---|------|
| Total number of employees in upgraded posts | None |

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for deviations are provided in each case.

| TABLE 3.3 – Profile of employees whose remuneration levels exceed the grade determined by Job evaluation, 1 April 2001 to 31 March 2002 | |
|--|------|
| Total number of employees | None |

4. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Table 4.1 summarises appointments, promotions and service terminations by race, gender and disability. In addition, the table provides an indication of the impact of these changes on the employment profile of the Department.

| TABLE 4.1 – Appointments, promotions, and terminations, 1 April 2001 to 31 March 2002 | | | | | |
|--|--------------|-------------------------------|------------|-------------------------------|-----------------|
| | Employees | Appointments and transfers | Promotions | Terminations and transfers | Net % change |
| | 1 April 2001 | | | | |
| African | | | | | |
| Male | 2,008 | 153 | 185 | 150 | 0.15 |
| Female | 2,073 | 122 | 227 | 101 | 1.01 |
| Asian | | | | | |
| Male | 39 | 2 | 0 | 9 | -17.95 |
| Female | 36 | 1 | 4 | 1 | 0 |
| Coloured | | | | | |
| Male | 170 | 7 | 11 | 16 | -5.29 |
| Female | 229 | 7 | 37 | 18 | -4.80 |
| White | | | | | |
| Male | 361 | 12 | 20 | 47 | -9.70 |
| Female | 976 | 17 | 60 | 88 | -7.27 |
| Employees with a disability | | | | | |
| TOTAL | 5,892 | 321 | 544 | 430 | -1.85 |

Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 4.2) and critical occupations (Table 4.3).

| TABLE 4.2 – Annual turnover rates by salary band | | | | |
|---|------------------------|---------------------------|----------------------------|---------------|
| Salary Band | Employees 1 April 2001 | Appointments and transfer | Terminations and transfers | Turnover rate |
| Levels 1-2 | 804 | 21 | 37 | -1.99 |
| Levels 3-5 | 2,621 | 261 | 116 | 5.53 |
| Levels 6-8 | 2,280 | 27 | 234 | -9.08 |
| Levels 9-12 | 165 | 11 | 39 | -16.97 |
| Levels 13-14 | 22 | 0 | 4 | -18.18 |
| SMS | 0 | 0 | 0 | 0 |
| TOTALS | 5,892 | 321 | 430 | -1.85 |

| TABLE 4.3 – Annual turnover rates by critical occupation | | | | |
|---|------------------------|---------------------------|----------------------------|---------------|
| Occupation | Employees 1 April 2001 | Appointments and transfer | Terminations and transfers | Turnover rate |
| Immigration Officer | 966 | 106 | 50 | 5.80 |
| Information Technology Personnel (Excluding HANIS) | 56 | 17 | 3 | 25.00 |
| TOTALS | 1,022 | 123 | 53 | 6.85 |

| TABLE 4.4 - Reasons why staff are leaving the Department | | |
|---|--------|-----------------------|
| Termination Type | Number | Per 100 000 Employees |
| Resignation | 94 | 1,595.38 |
| Expiry of contract | 0 | 0 |
| Dismissal - operational changes | 0 | 0 |
| Dismissal - misconduct | 24 | 407.33 |

| | | |
|------------------------------|------------|-----------------|
| | | |
| Dismissal - inefficiency | 0 | 0 |
| Discharged due to ill-health | 25 | 424.30 |
| Retirement | 32 | 543.10 |
| Other | 47 | 797.69 |
| TOTAL | 222 | 3,767.82 |

5. AFFIRMATIVE ACTION

The following tables describe changes in the composition of the Department for employees below the level of SMS (Table 5.1), the Senior Management Service (SMS) (Table 5.2) and other key target groups in terms of race, gender and disability.

| TABLE 5.1 - Progress made with respect to affirmative action (Employees below SMS) | | | | |
|---|---------------------------|-------------------------------------|---------------------------------------|-----------------|
| | Progress - 2001/02 | | | |
| | 01-Sept-01 | Target set for 31 March 2002 | Actual number at 31 March 2002 | Variance |
| African | | | | |
| Male | 1,974 | 1,994 | 1,991 | -0.15 |
| Female | 1,984 | 2,016 | 2,067 | 2.53 |
| Asian | | | | |
| Male | 37 | 41 | 38 | -7.32 |
| Female | 38 | 44 | 36 | -18.18 |
| Coloured | | | | |
| Male | 167 | 171 | 169 | -1.17 |
| Female | 231 | 237 | 229 | -3.38 |
| White | | | | |
| Male | 366 | 309 | 352 | 13.92 |
| Female | 1,009 | 964 | 974 | 1.04 |
| Employees with disability | | | | |
| TOTAL | 5,806 | 5,774 | 5,858 | 1.45 |

| TABLE 5.2 - Progress made with respect to affirmative action (Senior Management Service) | | | | |
|---|---------------------------|-------------------------------------|---------------------------------------|-----------------|
| | Progress - 2001/02 | | | |
| | 01-Sept-01 | Target set for 31 March 2002 | Actual number at 31 March 2002 | Variance |
| African | | | | |
| Male | 17 | 15 | 15 | 0 |
| Female | 5 | 8 | 6 | -25 |
| Asian | | | | |
| Male | 1 | 1 | 1 | 0 |
| Female | 0 | 0 | 0 | 0 |
| Coloured | | | | |
| Male | 1 | 1 | 1 | 0 |
| Female | 0 | 0 | 0 | 0 |
| White | | | | |
| Male | 9 | 9 | 9 | 0 |

| | | | | |
|----------------------------------|-----------|-----------|-----------|--------------|
| Female | 2 | 2 | 2 | 0 |
| Employees with disability | | | | |
| TOTAL | 35 | 36 | 34 | -5.55 |

6. PERFORMANCE REWARDS

To encourage good performance the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability (Table 6.1), salary (Table 6.2) and critical occupations (Table 6.3).

| | Beneficiary Profile | | | Cost | |
|----------------------------------|-------------------------|---------------------|-------------------------|---------------------|-----------------|
| | Number of beneficiaries | Number of employees | % of total within group | Cost | Per Capita Cost |
| African | | | | | |
| Male | 213 | 2,008 | 10.61 | 246,590.62 | 1,157.70 |
| Female | 251 | 2,073 | 12.11 | 328,264.44 | 1,307.83 |
| Asian | | | | | |
| Male | 3 | 39 | 7.69 | 27,741.60 | 9,247.20 |
| Female | 7 | 36 | 19.44 | 53,474.20 | 7,639.17 |
| Coloured | | | | | |
| Male | 0 | 170 | 0 | 0 | 0 |
| Female | 41 | 229 | 17.90 | 197,128.72 | 4,808.02 |
| White | | | | | |
| Male | 73 | 361 | 20.22 | 271,154.46 | 3,714.44 |
| Female | 253 | 976 | 25.92 | R 1,078,830.00 | 4,264.15 |
| Employees with disability | | | | | |
| TOTAL | 850 | 5,892 | 14.43 | 2,203,184.04 | 2,591.98 |

| Salary Level | Beneficiary Profile | | | Cost | |
|---------------------------|-------------------------|---------------------|-------------------------|---------------------|-----------------|
| | Number of beneficiaries | Number of employees | % of total within group | Cost | Per capita cost |
| Levels 1-2 | 44 | 804 | 5.47 | 9,782.64 | 222.33 |
| Levels 3-5 | 299 | 2 621 | 11.41 | 417,636.12 | 1,396.78 |
| Levels 6-8 | 479 | 2 280 | 21.01 | 1,418 885.70 | 2962.18 |
| Levels 9-12 | 28 | 165 | 16.97 | 356,879.58 | 12,745.70 |
| Professionals (13-16) | 0 | 1 | 0.00 | 0 | 0 |
| Senior Management Service | 0 | 21 | 0.00 | 0 | 0 |
| TOTAL | 850 | 5,892 | 14.43 | 2,203,184.04 | 2,591.98 |

| Critical Occupations | Beneficiary Profile | | | Cost | |
|--|-------------------------|---------------------|-------------------------|-------------------|-----------------|
| | Number of beneficiaries | Number of employees | % of total within group | Cost | Per capita cost |
| Immigration Officer | 13 | 966 | 1.35 | 111,391.80 | 8,568.60 |
| Information Technology Personnel (Excluding HANIS) | 0 | 56 | 0 | 0 | 0 |
| TOTAL | 13 | 1 022 | 1.27 | 111,391.80 | 8,568.60 |

7. FOREIGN WORKERS

No foreign workers were employed in the Department of Home Affairs during this reporting period.

8. LEAVE

The following tables provide an indication of the use of sick leave (Table 8.1) and disability leave (Table 8.2). In both cases the estimated cost of leave is also provided.

| TABLE 8.1 – Sick leave, 1 April 2001 to 31 March 2002 | | | | | | |
|--|-------------------|-----------------------|--------------------------------------|---------------------------------------|----------------------|----------------------|
| Grade (Salary Band) | Total days ('000) | Percent certification | Number of Employees using sick leave | % of total employees using sick leave | Average per employee | Estimated Cost |
| Levels 1-2 | 10 197 | N/A | 723 | 14.82 | 14.10 | 1,080,120.16 |
| Levels 3-5 | 41 006 | N/A | 3 372 | 69.14 | 12.16 | 6,469,835.56 |
| Levels 6-8 | 6 990 | N/A | 679 | 13.92 | 10.29 | 2,048,203.91 |
| Levels 9-12 | 960 | N/A | 89 | 1.83 | 10.79 | 560,422.07 |
| Levels 13-14 | 68 | | 14 | 0.29 | 4.86 | 55,599.38 |
| TOTAL | 59 221 | N/A | 4 877 | 100 | 12.14 | 10,214,181.00 |

| TABLE 8.2 – Disability leave (temporary and permanent), 1 April 2001 to 31 March 2002 | | | | |
|--|-------------------------|-----------------------|--|---|
| Grade (Salary Band) | Total days taken ('000) | Percent certification | Number of Employees using disability leave | % of total employees using disability leave |
| Levels 1-2 | 1 037 | N/A | 30 | 56.60 |
| Levels 3-5 | 493 | N/A | 19 | 35.85 |
| Levels 6-8 | 80 | N/A | 4 | 7.55 |
| Levels 9-12 | 0 | N/A | 0 | 0 |
| Levels 13-14 | 0 | N/A | 0 | 0 |
| TOTAL | 1 610 | | 53 | 100 |

| TABLE 8.3 – Annual Leave, 1 April 2001 to 31 March 2002 | | | |
|--|-------------------------|---------------------|----------------------|
| Grade (Salary Band) | Total days taken ('000) | Number of Employees | Average per employee |
| Levels 1-2 | 30 916 | 804 | 38.45 |
| Levels 3-5 | 135 385 | 2621 | 51.65 |
| Levels 6-8 | 30 521 | 2 280 | 13.39 |
| Levels 9-12 | 4 868 | 165 | 29.50 |
| Levels 13-16 | 838 | 22 | 38.09 |
| TOTAL | 202 528 | 5 892 | 34.37 |

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

| TABLE 8.4 – Leave payout | | | |
|--|------------------|---------------------|----------------------|
| Reason | Total Amount | Number of Employees | Average per employee |
| Non-utilisation of leave for current cycle | 0 | 0 | 0 |
| Leave accrued before 30 June 2001 | 34,469.48 | 4 | 8,617.37 |
| TOTAL | 34,469.48 | 4 | 8,617.37 |

9. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the Department in this reporting year.

| Subject Matter | Date |
|--|-------------|
| Policy on Remunerative Work outside Employment in the Department | 2001-10-01 |
| Harassment Policy | 2001-10-01 |
| Payment of Driver's Licence Cost from State Funds | 2001-10-01 |
| Establishment of Rationalisation/Parity Task Team | 2001-05-01 |

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

| Outcomes Of Disciplinary Hearings | Number | % Of Total |
|--|---------------|-------------------|
| Verbal warning | 60 | 14 |
| Written warning | 120 | 27 |
| Final written warning | 232 | 52 |
| Not guilty | | |
| Case withdrawn | | |
| Dismissal | 31 | 7 |
| TOTAL | 443 | 100 |

10. SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development. Table 10.1 summarises the development of skills by salary band, including costs incurred in skills development, while Table 10.2 provides the same information in terms of race, gender and disability.

| TABLE 10.1 - Skills development by salary band | | | | | | |
|---|---------------------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------|-----------------------------|
| Grade (Salary Band) | Internal Training | | External Training | | Expenditure | |
| | Training day equivalents | Average days per employee | Training day equivalents | Average days per employee | Total expenditure | Average per employee |
| Levels 1-2 | 395 | 0.07 | 0 | 0 | 103,506.00 | 17.56 |
| Levels 3-5 | 2,696 | 0.45 | 363 | 0.06 | 1,869,155.65 | 317.23 |
| Levels 6-8 | 2,433 | 0.41 | 1,452 | 0.24 | 2,012,936.86 | 341.60 |
| Levels 9-12 | 592 | 0.10 | 914 | 0.15 | 383,416.55 | 65.07 |
| Levels 13-14 | 460 | 0.07 | 900 | 0.15 | 527,197.75 | 89.47 |
| TOTAL | 6,576 | 1.11 | 3,629 | 0.61 | 4,896,212.81 | 830.99 |

| TABLE 10.2 - Skills development by race, gender and disability | | | | | | |
|---|---------------------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------|-----------------------------|
| | Internal Training | | External Training | | Expenditure | |
| | Training day equivalents | Average days per employee | Training day equivalents | Average days per employee | Total expenditure | Average per employee |
| African | | | | | | |
| Male | 2,203 | 0.37 | 1,404 | 0.23 | 1,706,819.79 | 289.60 |
| Female | 2,417 | 0.41 | 1,094 | 0.18 | 1,730,811.23 | 293.70 |
| Asian | | | | | | |
| Male | 74 | 0.01 | 23 | 0 | 69,526.22 | 11.80 |
| Female | 75 | 0.01 | 0 | 0 | 52,879.10 | 8.97 |
| Coloured | | | | | | |
| Male | 281 | 0.04 | 131 | 0.02 | 197,807.00 | 33.50 |
| Female | 206 | 0.03 | 117 | 0.01 | 227,184.27 | 38.55 |
| White | | | | | | |
| Male | 495 | 0.84 | 255 | 0.04 | 340,286.79 | 57.75 |
| Female | 825 | 0.14 | 605 | 0.10 | 570,898.41 | 96.89 |

| | | | | | | |
|------------------------------------|--------------|-------------|--------------|-------------|---------------------|---------------|
| Employees with a disability | | | | | | |
| TOTAL | 6,576 | 1.11 | 3,629 | 0.61 | 4,896,212.81 | 830.99 |

The following table provides a summary of the various training areas where staff were provided with skills training.

| TABLE 10.3 - Skills development by type of training | | | | | | |
|--|--------------------------------|---------------------------------|--------------------------------|-------------------|--------------------------|--------------------------------|
| Type of training | Training | | | | Expenditure | |
| | Number of beneficiaries | Training day equivalents | Average days per person | % of Total | Total Expenditure | Average per beneficiary |
| Internal Training | 410 | 1,116 | 0.18 | 10.9 | 432,851.29 | 1,055.73 |
| Formal Training | 1 | 14 | 0 | 0.13 | 675.00 | 675.00 |
| Computer training | 1,286 | 1,893 | 0.32 | 18.5 | 2,742,812.51 | 2,132.82 |
| Management development | 289 | 727 | 0.12 | 7.12 | 227,578.16 | 787.47 |
| Office - based training | 1,763 | 1,955 | 0.33 | 19.15 | 260,346.58 | 147.67 |
| Policy - specific training | 570 | 1,570 | 0.26 | 15.38 | 905,193.73 | 1,588.06 |
| ABET | 48 | 1,440 | 0.24 | 14.11 | 103,506.00 | 2,156.38 |
| Other | 335 | 1,490 | 0.25 | 14.60 | 224,249.54 | 669.40 |
| TOTAL | 4,702 | 10,205 | 1.73 | 100 | 4,896,212.81 | 1,041.30 |

The following table summarises actual expenditure on training for the year under review.

| TABLE 10.4 - Total expenditure on skills development by programme, 2001/2002 | | | | | | |
|---|------------------------------|---------------------------|-----------------|--|----------------------|----------------------|
| Prog 1 | Expenditure 2001/2002 | | | Medium-term Expenditure Estimates | | |
| | Original Estimate | Actual Expenditure | Variance | 2002/2003 | 2003/2004 | 2004/2005 |
| Adminis-tration | 5,787,000 | 4,896,212.81 | 0.85 | 22,676,279 | 21,591,260.00 | 21,787,854.00 |
| Total | 5,787,000 | 4,896,212.81 | 0.85 | 22,676,279 | 21,591,260.00 | 21,787,854.00 |

The following tables summarise bursaries granted to employees during the reporting year by salary level (Table 10.5) and race, gender and disability (Table 10.6).

| TABLE 10.5 – Bursaries granted by salary level, 1 April 2001 to 31 March 2002 | | | | | |
|--|----------------------------|------------------|-------------------|---------------|-------------------|
| Salary Level | Beneficiary Profile | | | Cost | |
| | Number of | Number of | % of total | Cost (| Per capita |

| | beneficiaries | employees in salary band | in salary band | | cost |
|---------------------------|---------------|--------------------------------|-------------------|----------------|-----------------|
| Levels 1-2 | 12 | 804 | 1.49 | 11,880 | 990.0 |
| Levels 3-5 | 165 | 2 621 | 6.29 | 449,027 | 2,721.37 |
| Levels 6-8 | 94 | 2 280 | 4.12 | 126,593 | 1,346.73 |
| Levels 9-12 | 11 | 165 | 6.67 | 71,616 | 6,510.55 |
| Professionals (13-14) | 0 | 22 | 0 | 0 | 0 |
| Senior Management Service | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 282 | 5 892 | 4.78 | 659,116 | 2,337.29 |

TABLE 10.6 – Bursaries granted by race, gender and disability, 1 April 2001 to 31 March 2002

| | Beneficiary Profile | | | Cost | |
|------------------------------------|----------------------------|---|---------------------------------|----------------|--------------------|
| | Number of beneficiaries | Number of employees in salary band | % of total in salary band | Cost | Per capita cost |
| African | | | | | |
| Male | 96 | 2 008 | 4.78 | 270,130 | 2,813.85 |
| Female | 114 | 2 073 | 5.50 | 233,837 | 2,051.20 |
| Asian | | | | | |
| Male | 1 | 39 | 2.56 | 10,868 | 10,868 |
| Female | 3 | 36 | 8.33 | 6,206 | 2,068.67 |
| Coloured | | | | | |
| Male | 16 | 170 | 9.41 | 38,770 | 2 423.12 |
| Female | 19 | 229 | 8.30 | 24,389 | 1,283.63 |
| White | | | | | |
| Male | 6 | 361 | 1.66 | 25,885 | 4,314.17 |
| Female | 27 | 976 | 2.77 | 49,031 | 1,815.96 |
| Employees with a disability | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 282 | 5 892 | 4.78 | 659,116 | 2,337.29 |

11. INJURIES ON DUTY

The following table provides basic information regarding injuries on duty in the Department in the reporting year.

| TABLE 11.1 – Injury on duty, 1 April 2000 to 31 March 2002 | | |
|---|---------------|-------------------|
| Nature of injury on duty | Number | % of total |
| Required basic medical attention only | 45 | 95.74 |
| Temporary Total Disablement | 0 | 0 |
| Permanent Disablement | 0 | 0 |
| Fatal | 2 | 4.26 |
| TOTAL | 47 | 100 |

PART 3

PROGRAMME PERFORMANCE

1. INTRODUCTION

VOTED FUNDS

| | |
|---------------------------|----------------|
| Amount to be appropriated | R1 053 029 000 |
| Statutory appropriations | - |

RESPONSIBLE MINISTER

Minister of Home Affairs

ADMINISTERING DEPARTMENT

Department of Home Affairs

ACCOUNTING OFFICER

Director-General of Home Affairs

AIM OF THE VOTE

The aim of the Department of Home Affairs is to protect and regulate the interests of the inhabitants of the Republic of South Africa, in respect of their individual status, identity and specific rights and powers, and to promote a supporting service to this effect.

KEY OBJECTIVES

The Constitution states that one of the key values or principles of the political democracy is “*universal adult suffrage, a national common voters’ roll, regular elections and a multi-party system of democratic government, to ensure accountability, responsiveness ad openness*”.

These principles are closely aligned with the rights, privileges and benefits of South African citizens. The Department of Home Affairs is an important part of the central government machinery that works to realise and protect citizenship rights and benefits through its policies, programmes and activities. These activities strengthen the institutional framework and daily operations of the country’s democracy.

The core functions of the Department of Home Affairs – recording the identity and status of citizens, residents and visitors – are crucial to the management and regulation of social, economic and political activities and form a foundation for democratisation and development.

In addition to managing these records, the Department is tasked with executing and enforcing the provisions of the Aliens Control Act, 1991 (Act No 96 of 1991), in order to regulate individuals' entering into and departing from South Africa. The Department also executes and enforces the Refugees Act, 1998 (Act No 130 of 1998), which includes giving effect to international instruments relating to refugees.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

Because every person in South Africa – citizen, resident, visitor or refugee – is a client of the Department of Home Affairs, high quality service delivery is the primary strategic goal that directs departmental planning and action. The Department is committed to a variety of programmes that will fundamentally reshape the infrastructure and business systems that provide the platform for delivering services.

When reflecting on the reporting year it is apparent that substantial progress has been made in achieving critical goals and objectives set out in the Department's first Strategic Plan. Some of the more significant successes include:

- Substantial progress has been achieved with the HANIS project. Although definitive progress was made, it was essential to implement several changes to the scope of the project. The changes were necessitated due to the imminent inclusion of the smart identity card as well as focusing on live verification facilities to cater for the increased interest in online identity verification by commercial institutions.
- The tender for the implementation of the E-DMS has been awarded and the electronic documentation process is well underway. E-DMS is currently being implemented and the necessary training is being provided.
- SCOPA's interest in Home Affairs' ability to fight corruption and the improved profile of the Department as corruption buster.
- Northern Province opening 16 new permanent service points and 3 at hospitals.
- The appointment of additional staff at Johannesburg International Airport and imminent appointments at Cape Town and Durban International Airports significantly improving service delivery.
- A 20% increase in the speeding up of passport applications in the Northern Cape.
- The Free State having trained 70% of its officials in MISS in co-operation with NIA.
- The establishment of a Workplace Skills Programme by Human Resources Development that is being used as a benchmark by other Departments.
- Appointment of 25 officials at the Lebombo border post, linked to a 24-hour service as from 1 March 2002.
- Progress with regards to reaching agreement with Traditional and Local Authorities on cooperation in the rendering of civic services.
- Launch of the departmental website, which is a significant service delivery improvement.
- The establishment of a departmental newsletter.

The Department has sought to control illegal immigration through a variety of measures:

- The Aliens Control Amendment Act, 1995 (Act No 76 Of 1995), which provides for a stricter immigration policy, the implementation of visa fees and other measures, came into effect in 2001.
- The Department is working closely with the South African Revenue Service (SARS) and the South African Police Service (SAPS) to ensure effective border control over the medium term.
- A computerised visa system has been implemented to curb the forgery of South African visas and is being expanded to all South African Missions abroad.
- The Immigration Bill has been introduced to Parliament to replace the Aliens Control Act and regulate the admission of people into South Africa, as well as their residence in and departure from the country.

The above achievements were by and large reached whilst working smarter with limited resources and are a direct reflection on the commitment and dedication of operational staff and management.

2. PROGRAMME SUMMARY

The Department's objectives are accomplished through the following four programmes:

- **Administration** provides for the overall management of the Department
- **Services to citizens** grants specific rights and powers to members of the population, addressing travel and passport matters, citizenship and population registration
- **Migration** controls immigration according to South Africa's skills and investment needs and controls visitors who enter the country on a temporary basis
- **Auxiliary and associated services** supports the Film and Publication Board, the Government Printing Works, the Independent Electoral Commission and government motor transport.

PROGRAMME 1:

ADMINISTRATION

AIM

The aim of the **Administration** programme is to conduct the overall management and administration of the Department. The programme provides for policy formulation by the Minister, Deputy Minister, Director-General and other members of the Department's management. This programme also comprises the following sub-programmes:

- Human Resources
- Information Technology
- Legal Services
- Strategic Planning and Service Delivery
- Communication

PROGRAMME POLICY DEVELOPMENTS

The sub-programme **Human Resources** provides human resources services to the total personnel corps at all levels of the Department. The service includes human resources development, human resources management and transformation, as well as labour relations services.

The sub-programme **Information Technology** enables the Department, through optimal utilisation of information technology, to address the service delivery requirements within the different business areas. One of the main strategic focus areas of the Department of Home Affairs is the deployment of information technology and systems to improve service delivery to all stakeholders. In the reporting year the Chief Directorate of Information Technology has been instrumental in realising this strategic goal.

The sub-programme **Legal Services** provides legal services to the Department, including the rendering of legal opinions, representing the Department at the Home Affairs Portfolio Committee during legislative programmes and drafting and amending legislation and legal documents.

The sub-programme **Strategic Planning and Service Delivery** provides a professional, evaluative, planning and co-ordinative capacity to the Director-General in order to enhance effective and efficient management of the diverse and specialist line function entities of the Department, in the context of sound and coherent policy requirements. In the reporting year this sub-programme has contributed significantly

towards the achievement of the Department's set goals with regard to service excellence.

The sub-programme **Communication** is responsible for the management of communication within the Department. It is responsible for media liaison, corporate communications, internal communication and media production.

OUTPUTS AND SERVICE DELIVERY TRENDS

| Sub-programme | Outputs | Output performance measures/ service delivery indicators | Actual Performance/ Quantity |
|-----------------|--|---|--|
| Human Resources | Implement a collective management style that visibly demonstrates the commitment to a culture of performance excellence. | Extent to which output has been achieved | <ol style="list-style-type: none"> 1. Conducting regular Directorate Meetings 2. Sub-Directorates conducting meetings fortnightly 3. Conducting Directorate meetings with all staff. |
| | Develop and implement an organisational and individual performance management system aligned with the SAEM and in support of the Batho Pele Service Delivery Programme | Extent to which output has been achieved | <ol style="list-style-type: none"> 1. Reviewed Performance Agreements (PA) <ol style="list-style-type: none"> a) Designed a framework for the PAs b) Developed tool to evaluate PAs c) Consulted with Senior Managers on PAs and tool d) Linked Plan to PAs e) Implemented new PAs f) Devised performance agreements for implementation up to level of ASD. |
| | Develop a strategy for the effective and efficient recruitment, management and utilisation of Human Resources | Extent to which output has been achieved | <ol style="list-style-type: none"> 1. Developed a policy on Succession Plan <ol style="list-style-type: none"> a) Conducted research b) Drafted a policy and consulted all stakeholders b) Implemented and evaluated 2. Developed a policy on acting in higher positions <ol style="list-style-type: none"> a) Audited current process and identified shortcomings b) Drafted a revised Policy c) Implemented and evaluated 3. Developed and implemented HR policies: |

| | | | |
|--|---|--|---|
| | | | <ul style="list-style-type: none"> a) Study Leave b) Resettlement c) S & T d) HIV Aids in Workplace e) Incapacity f) Ill health g) Review recruitment h) Consulted with relevant stake-holders i) Implemented and evaluated <p>4. Developed an exit interview system</p> <ul style="list-style-type: none"> a) Audited current process and identified shortcomings b) Drafted a revised Plan c) Consulted relevant stake-holders d) Implemented and evaluated <p>5. Implemented code of remuneration for IO's</p> <ul style="list-style-type: none"> a) Consulted relevant stakeholders b) Implemented <p>6. Reviewed interview assessment tool</p> <ul style="list-style-type: none"> a) Audited current process and identified shortcomings b) Researched on available alternative tools c) Drafted a re-vised Plan d) Consulted relevant stake-holders <p>7. Relocated Work study component to HR</p> <p>8. Devised a policy to address the filing system of HR</p> <ul style="list-style-type: none"> a) Audited current system and identified shortcomings b) Drafted policy c) Consulted relevant stake-holders d) Implemented and evaluated |
| | Sustain current and expand into public/private partnerships | Extent to which output has been achieved | <ul style="list-style-type: none"> 1. Listed all current stake-holders a) Identified new possible stakeholders b) Set up forum c) Developed SLA with relevant stakeholders d) Maintained relation with stakeholders e) Evaluated level of impact of |

| | | | |
|--|--|--|---|
| | | | stakeholders on DHA |
| | Ensure departmental processes and procedures are aligned with the Batho Pele principles and the vision of the Department of Home Affairs | Extent to which output has been achieved | <p>1. Upholding the corporate identity of DHA</p> <p>a) Reviewed, implemented and monitored the compliance to the existing dress code</p> <p>b) Ensured uniformity in design of nametags and compliance to wearing it</p> <p>2. Developed service standards for HR</p> <p>a) Reviewed current standards and identified gaps in consultation with stakeholders</p> <p>b) Drafted new standards</p> <p>c) Implemented and monitored</p> <p>3. Followed integrated approach with Directorate: Communication to revive existing Hotline</p> <p>a) Setting up forum with D:Com.</p> <p>a) Introducing a suggestion box</p> <p>b) Monitoring the effectiveness of the process</p> |
| | Vest proper decision-making powers in the regions and foreign offices and provide the necessary capacity to ensure effective and efficient functioning in order to enhance service delivery. | Extent to which output has been achieved | <p>1. Presenting training in HR matters at head office and in the regions</p> <p>a) Drawing up a plan with regard to training to be conducted</p> <p>b) Circulated programs to all</p> <p>c) Conducting training</p> <p>d) Evaluating effectiveness of training</p> <p>2. Delegating identified authority to the regions</p> <p>a) Reviewed current levels of delegations</p> <p>b) Submitting a proposal to DG and executing authorities for further delegations</p> <p>c) Presenting relevant training on delegations</p> <p>d) Implementing and monitoring</p> |
| | Appointment of specialists in the Regions in order to manage specialised delegated functions effectively. | Extent to which output has been achieved | <p>1. Establishing an HR component in each region</p> <p>a) Auditing current situation in the regions</p> <p>b) Work study to determine staffing levels</p> <p>c) Presenting training on HR matters to newly identified and appointed staff</p> |

| | | | |
|--|---|--|--|
| | | | d) Monitoring and evaluating the functionality of the component |
| | Conduct an audit into the current establishment and fund current vacancies. | Extent to which output has been achieved | <p>1. Conducting audit of staff establishment</p> <p>a) Requesting Persal reports on establishment</p> <p>b) Identifying approved, filled and vacant posts per component</p> <p>2. Created additional posts: 1 CPO, 2 APP's and 5 PO's</p> <p>a) Submitted motivation for creation of additional posts</p> <p>b) Implementing recommendations</p> <p>3. Developing and ensuring implementation of an HR plan</p> <p>a) Setting up a project team</p> <p>b) Conducting assessment on number and competencies</p> <p>c) Identifying the shortcomings</p> <p>d) Projecting future needs</p> <p>e) Addressing shortcomings</p> <p>f) Consulting relevant stakeholders</p> <p>g) Drafted plan</p> <p>h) Implemented, monitoring and evaluating the plan</p> |
| | Devise, implement and sustain a recognition and reward system to unleash the full potential of staff members. | Extent to which output has been achieved | <p>1. Implemented performance management system</p> <p>a) Consulted with stakeholders</p> <p>b) Conducted training</p> <p>c) Implemented, monitoring and evaluating</p> |
| | Ensure employment equity with specific reference to gender equality on all levels throughout the Department. | Extent to which output has been achieved | <p>1. Ensured compliance with Employment Equity Act and affirmative action programme with specific regard to gender and race</p> <p>a) Established employment equity committee</p> <p>b) Revised</p> <p>2. Established a transformation Unit</p> |

| | | | |
|--|--|--|---|
| | Empower the Employee Assistance Program (EAP) component through proper resourcing. | Extent to which output has been achieved | <p>1.Improved visibility of EAP</p> <p>a)Devised a programme to have sessions in the Department</p> <p>b)Empowered HIV contacts in the regions with EAP skills</p> <p>c)Raised awareness of EAP in all offices</p> <p>2.Devised programme of activities</p> <p>a)Conducted needs analysis</p> <p>b)Identified programmes to address the needs</p> <p>c)Consulted relevant stakeholders, and experts in the EAP field</p> <p>d)Solicited the buy-in of Senior Managers</p> <p>e)Addressed and improved attitudes on racism in the Department</p> <p>f)Raised awareness on financial management for employees</p> <p>g)Implemented, monitored and evaluated</p> |
| | Improve access to Home Affairs services by way of equitable, effective and efficient distribution of resources within all regions. | Extent to which output has been achieved | Provided a training budget for regional training officers |
| | Investigate and implement alternative resourcing mechanisms and infrastructure. | Extent to which output has been achieved | <p>1.Determined extent of lack of resources</p> <p>a)Audited current resource availability</p> <p>b)Identified the needs</p> <p>c)Submitted request for purchase</p> <p>2.Improved internal communication (flow of information)</p> <p>a)Assessed current process</p> <p>b)Identified areas for improvement</p> <p>c)Introduced the usage of e-mail for drafting of HR submissions</p> |
| | Develop and implement an effective information management system | Extent to which output has been achieved | Developed PERSAL inquiry function for regions |
| | Implement the PMFA | Extent to which output has been achieved | 1. All managers conforming to PFMA |

| | | | |
|---------------------------|--|--|--|
| | | | 2. Appointing CFO |
| Information Technology | <p>1. Computerisation of new offices</p> <p>2. Provision of e-mail in all offices</p> <p>3. Computerisation of Missions a-broad</p> <p>4. Reduction of turnaround time for repair of equipment</p> <p>5. Implementation of sound IT security policies</p> <p>6. Implementation of the refugee system</p> | <p>Number of offices with PCs installed 15</p> <p>Number of offices with e-mail facilities 55</p> <p>Number of Missions computerised/upgraded 34</p> <p>Number of days required for repair of equipment 6</p> <p>Number of phases completed in the project 2</p> <p>Number of Refugee Reception Centres computerised 5</p> | |
| Legal Services | <p>1. Providing legal and advisory assistance to Line Functionaries</p> <p>2. Attending to the transmission of legal process between the State Attorney and the Department.</p> <p>3. Reduction in litigation against the Department by engaging all line functionaries to consult with Legal Services in all matters that may possibly lead to litigation against the Department.</p> <p>4. Facilitate the alignment of Departmental policies and legislation with the Constitution</p> | <p>Extent to which output has been achieved</p> <p>Extent to which output has been achieved</p> <p>Extent to which output has been achieved</p> <p>Extent to which output has been achieved</p> | <p>Assistance to line functionaries regarding their legal matters. This includes the determination of departmental liability and prosecution of illegal foreign nationals.</p> <p>In order to make an improvement in these results, meetings were held with various State Attorneys' offices, e.g. Cape Town.</p> <p>Sufficient progress has been achieved in that a number of cases have been decided in the Department's favour.</p> <p>1. The Immigration Bill 2002, which seeks to replace the whole Aliens Control Act, 1991 has been tabled before Parliament.</p> <p>2. The proposed Films and Publications Amendment Bill, 2001 seeks to amend the</p> |

| | | | |
|---|--|--|--|
| | | | <p>principal Act by providing for the prohibition of child pornography through the use of internet.</p> <p>3.The proposed South African Citizenship Amendment Bill, 2001 seeks to amend the principal Act so as to lower the age of majority, to remove the distinction between children born in or out of wedlock and to authorise the Minister to grant citizenship to a child of a deceased South African citizen who has automatically lost his citizenship.</p> <p>4. The Births and Deaths Registration Amendment Bill, 2001 has been tabled before Parliament. It seeks to amend the principal Act by reducing the age of majority, to provide for the registration of the child in the surname of either or both parents, to provide for the alteration of the surname of a minor, and to allow a widow to assume a previous surname.</p> <p>5. The South African Law Commission has made recommendations and prepared a draft White Paper on legislation regulating marriages so as to align the present legislation with the Constitution.</p> |
| Strategic Planning and Service Delivery | <p>Strategic Management:</p> <p>1. Implement a participative and collective management style.</p> <p>2. Develop and implement the departmental corporate identity.</p> <p>3. Introduce new special projects including determining optimal</p> | <p>1. Immediate total co-operation by all managers. 2. Buy-in by 31 March 2002 and ongoing.</p> <p>An approved corporate identity plan.</p> <p>To deliver as predetermined where services should be extended to.</p> | <p>1. Regular team building exercises held. 2. Regular meetings and feedback meetings held. 3. Consistent disciplinary measures enforced.</p> <p>To be finalised for implementation.</p> <p>Proposal adopted for implementation, subject to negotiating with local authorities and others and availability of funds.</p> |

| | | | |
|--|--|--|---|
| | <p>office distribution and utilising alternative office accommodation such as the conversion of freight containers.</p> <p>4. Institutionalise strategic management linked with benchmarked organisational performance management and the SAEM performance management system in our quest for rendering world-class service.</p> <p>5. Develop and implement an effective information management system.</p> <p>6. Enter into public/private partnerships.</p> <p>7. Investigate and implement alternative resourcing mechanisms and infrastructure.</p> | <p>The strategic management process successfully utilised by all Chief Directors, Regional Directors and Directors at Head Office.</p> <p>Management of information system implemented and person appointed.</p> <p>Established public/private partnerships.</p> <p>Implemented alternative resourcing and infrastructure.</p> | <p>1. Strategic Plan successfully implemented. 2. Plan implementation evaluated.</p> <p>Person appointed.</p> <p>Partnership with ACSA established. Other possibilities under investigation.</p> <p>Volunteers appointed.</p> |
| | <p>Regional and Foreign offices:</p> <p>Assist in determining and identifying essential services required at each foreign office.</p> | <p>Essential services determined and identified.</p> | <p>Still in progress.</p> |

| | | | |
|--|---|---|---|
| | <p>Service Delivery</p> <p>1. Equitable distribution of resources.</p> <p>2. Reduction of service delivery complaints by members of the public.</p> <p>3. Quality control & assurances, better / faster systems & processes at the service points</p> <p>4. Enhanced staff morale</p> <p>5. Queue management</p> <p>6. Fair treatment of clients</p> <p>7. Customer satisfaction</p> | <p>Level of satisfaction of employees at regional and district level.</p> <p>Level of customer and stakeholder satisfaction.</p> <p>Implemented and sustained system</p> <p>1. Level of decrease in corruption 2. Percentage of misconduct cases concluded</p> <p>Proper queue management policy and programme in place</p> <p>All staff living out the corporate value system of the Department</p> <p>Degree of timeousness, accuracy and completeness of queries of customers.</p> | <p>Still in progress.</p> <p>Still in progress.</p> <p>Still in progress.</p> <p>Still in progress.</p> <p>Proper queue management in place in major offices.</p> <p>In process of implementation.</p> <p>In process of implementation.</p> |
| | <p>Security & Ethical Conduct</p> <p>1. Participative and collective management style</p> <p>2. Upgraded access control</p> <p>3. Upgraded document security</p> <p>4. Personnel</p> | <p>1. Immediate total co-operation by all managers. 2. Buy-in by 31 March 2002 and ongoing.</p> <p>Access control manual in place.</p> <p>1. Proper staff awareness of MISS. 2. Fully functional MISS</p> <p>Vetted personnel</p> | <p>1. Regular team building exercises held. 2. Regular meetings and feedback meetings held. 3. Consistent disciplinary measures enforced.</p> <p>Regular physical searches conducted on personnel and vehicles on a continuous basis</p> <p>30% of staff aware of MISS</p> <p>Still in planning phase</p> |

| | | | |
|---------------|--|--|---|
| | <p>vetting.</p> <p>5. Tactically planned investigations. Analysed trends in crimes and acts of misconduct in the DHA environment.</p> <p>6. Improved relationships and co-ordination with stakeholders</p> <p>7. Improved internal communication</p> <p>8. Effective support structure</p> | <p>1. Level of decrease in corruption by DHA officials. 2. Number of misconduct cases finalised and criminal arrests made.</p> <p>1. Fully functional cluster partnerships. 2. Number of joint operations with cluster partners.</p> <p>1. Effective communication channels established within the Directorate. 2. Level of informed and satisfied personnel in Directorate.</p> <p>1. Vacancies filled. 2. Training programmes presented to all staff in Directorate.</p> | <p>Misconduct, and criminal acts of DHA officials investigated on a continuous basis. Decrease in corruption not yet visible.</p> <p>Continuous improvement of stakeholder relationships through co-ordination and co-operation.</p> <p>Communication channels established and regular teambuilding exercises held.</p> <p>1. Vacancies filled. 2. Staff undergoing training programmes continuously.</p> |
| Communication | Ensure existence of an effective Communication infrastructure | <p>1. Existing vacancies filled by 31 March 2001. 2. Work Study investigation completed by 31 March 2001. 3. All staff equipped with required IT.</p> | <p>Completed</p> <p>Completed</p> <p>Completed</p> |
| | Develop a communication strategy | Approved communication strategy. | <p>1. Evaluated business plans of Chief Directorates to determine communication opportunities. 2. Drafted and executed communication strategy based on pro-active communication of successes.</p> |
| | Improve external communication | <p>1. Degree of awareness of stakeholders. 2. Increased number of positive media reports.</p> | <p>1. Good media relationships developed with print and electronic media. 2. Involved in all GCIS fora. 3. Limited advertising campaigns launched due to financial constraints.</p> |
| | Improve internal communication | 1. Regular internal newsletter/in-house magazine. | 1. Implemented |

| | | | |
|--|--|--|---------------------------------|
| | | 2. Improvement in staff morale as measured in lower staff turnover | 2. Staff turnover not measured. |
|--|--|--|---------------------------------|

PROGRAMME 2:

SERVICES TO CITIZENS

AIM

The aim of this programme is to identify members of the population and to grant them specific rights and powers. This programme is organised into three sub-programmes:

- Travel and passport matters provide for the issuing of passports and other travel documents to enable international journeys in terms of the South African Passports and Travel Documents Act, 1994, as well as the repatriation of and financial assistance to citizens abroad with financial problems.
- Citizenship concerns activities related to determining, granting and forfeiture of citizenship in terms of the South African Citizenship Act, 1995.
- Population registration provides for the maintenance of a population register of South African citizens and of foreigners who acquired the right to permanent residence in South Africa. It also funds activities related to registration of births, marriages and deaths and the issuing of identity documents.

PROGRAMME POLICY DEVELOPMENTS

Late registration of births has been abused by illegal foreigners to obtain South African citizenship. The success rate of screening committees implemented in 2000 to curb this practice proved to be below expectation, as the system was still abused. The Department is now investigating other forms of severe scrutiny to ensure the bona fides of each application, mindful that every South African has the constitutional right to be registered no matter how late in life he or she may choose to do so.

New procedures have been implemented regarding the rectification of departmental errors in dates of births in the Population Register, to assist former reference book holders when applying for identity documents. During 1986, with the introduction of the Identification Act, 1986, identity numbers were pre-allocated to reference book holders. As these persons' full and correct dates of birth were not on record, dates were estimated prior to 1994. These applicants were normally elderly people not able to provide documents supporting their applications for a different date of birth. Applications were queried a number of times, whilst the applicant was deprived of the right to apply for social pension and other benefits. The new procedures allow for such applicants to be interviewed by a senior official at a regional or district office, and a prescribed agreement form may be completed by both the applicant and the Department.

The Department of Home Affairs is implementing an Electronic Document Management System within civic services, which will implement effective, real-time, online automated document management from capture to business transaction, improving business process efficiency. The system will make Home Affairs records and archiving information immediately available for access to any authorised individual at workstations in the entire system, both nationally and internationally. The

contract for the development of the E-DMS was entered into in October 2001 and commissioning of phase one of the new system is scheduled for October 2002.

The Department of Home Affairs was mandated by the Government to develop and implement a secure biometrics-based computerised identification system, as the current manual identification system proved to be susceptible to fraudulent attempts. The Home Affairs National Identification System, (HANIS), which will replace the manual fingerprinting process with an electronic process and which will replace identity documents with identity cards, was approved by the Cabinet on 17 January 1996. The original HANIS Project Plan identified four phases, namely Requirement Definition, System Design, System Build and Basic System Commissioning. For the HANIS Basic System, these phases were successfully completed by 18 February 2002. The Identity Card component of the project is still outstanding. The envisaged smart ID card will provide a common platform for the integration of government services centered on the verification of citizens. The Department has consulted with other government departments to identify their needs and to integrate these into the smart ID card solution. The smart ID card project will be aligned with other government initiatives such as e-governance, the Gateway project and the proposed Electronic Communications and Transactions Bill.

The total expenditure on HANIS until March 2002 amounted to R495 122 478.

OUTPUTS AND SERVICE DELIVERY TRENDS

| Sub-programme | Outputs | Output performance measures/ service delivery indicators | Actual Performance/ Quantity |
|------------------------------|---|--|--|
| Passports | Issue passports | 1. Number of passports issued - Tourist passports - Child passports - Official passports - Document for travel purposes - Diplomatic passports - Temporary passports - Emergency passports - Crew member certificates 2. Number of passports (old format) renewed | 425 255 97 115 2 933 4 248 917 118 398 70 686 301 54 570 |
| Citizenship | Process citizenship applications | 1. Number of naturalisations 2. Number of renunciations 3. Number of deprivations 4. Number of resumptions 5. Number of citizen by descent registrations 6. Number of retentions 7. Number of restorations 8. Number of approvals to use foreign passports | 14 108 3 269 0 561 4 168 2 934 1 165 13 375 |
| Births, marriages and deaths | Register births, marriages and deaths; issue relevant | 1) Number of registrations a) Births (under 15 yrs) b) Marriages: Civil Marriages: Customary | 1 543 361 240 560 11 830 |

| | | | |
|--------------------|---|---|-----------|
| | certificates, process applications for amendments, solemnise marriage, designate marriage officers and appoint registering officers | <ul style="list-style-type: none"> c) Deaths 585 965 2) Number of certificates issued a) Births <ul style="list-style-type: none"> - Abridged 2 322 053 - Unabridged 176 422 b) Marriages <ul style="list-style-type: none"> - Abridged 589 951 - Unabridged 48 953 c) Deaths <ul style="list-style-type: none"> - Abridged 625 711 - Unabridged 13 773 3) Number of personal amendments processed <ul style="list-style-type: none"> - Surnames: Majors 14 387 - Surnames: Minors 20 561 - Forenames: Majors 23 025 - Forenames: Minors 24 502 - Insertion of surnames 3 232 - Date of birth 18 227 - Re-registrations 54 204 - Adoptions 4 160 - General 32 594 4) Number of divorces recorded 35 416 5) Number of marriage officers designated <ul style="list-style-type: none"> - Church 2 110 - Department 903 6) Number of registering officers appointed (customary marriages) 636 | |
| Identity Documents | Issuing of identity documents to all South African citizens and persons to whom permanent residence has been granted | Number of identity documents issued in terms of the Statement of Standards set by the Minister of Home Affairs | 1 705 755 |
| Identification | Maintaining a fingerprint identification system | Number of fingerprints: <ul style="list-style-type: none"> (i) Classified 778 148 (ii) Compared and searched for 139 064 (iii) Evidence given in court cases 7 (iv) Filed as additions to existing records (this figure includes 1 213 775 | |

| | | | |
|---------------------------------------|---|--|--|
| | | Aliens) (v) Fingerprints of Alien workers from neighbouring countries which were dealt with | 59 330 |
| | | Total number of fingerprints on record | 43 187 445 |
| HANIS | 1. Improved network infrastructure 2. Image capture: Electronic fingerprint image and photo 3. Control: Integration of all sub-systems 4. Identification: AFIS, electronic fingerprint database 5. Verification: Comparison of fingerprints against HANIS | Volumes of fingerprints captured Volumes Volumes of records Volumes classified, searched and stored per day Successful comparison of fingerprints provided | 4 000 per day 4 000 per day 4 000 per day 4 000 per day Not yet implemented |
| Electronic Document Management System | Investigation and specification of an Electronic Document Management System which includes electronic workflow for Civic Services (Head Office) Electronic images of existing microfilm records | Project Initiation by 30 November 2001 Acquisition and installation of related hardware and software by January 2002 Scoping Document completed by 20 November 2001 Functional Requirement Specifications completed by 21 December 2001 Bespoke System Development by 19 February 2002 (10 items) Bespoke System Testing by 6 March 2002 Successful conversion of 35 million microfilm images to electronic format | Completed November 2001 Completed by January 2002 Completed by 12 December 2001 Completed by 1 March 2002 Completed by 26 March 2002 (2 items) Not achieved 25 million images converted (Note: Re-start required due to poor quality conversion) |

PROGRAMME 3:

MIGRATION

AIM

The aim of this programme is to co-ordinate and exercise control over the admission of persons to, their residence in and their departure from the Republic and for matters concerned therewith and to provide policy and guidance to operational staff in this regard. The programme has the following six sub-programmes:

- Permanent and temporary residence provides for the processing of applications for permanent residence and performance of administrative work attached to the Immigrants Selection Board. It also includes the processing of applications for work, study and temporary residence permits.
- Immigration Selection Board and Committees provide for the remuneration and allowances to members of the Immigrants Selection Board and regional committees.
- Control of travellers provides for managing travellers at ports of entry and controlling visas.
- Aliens control provides for the repatriation of illegal aliens.
- Refugee affairs funds the processing of applications and granting of asylum in accordance with the Refugees Act.
- Refugee Appeal Board funds the hearing and adjudication by the Board of appeal cases rejected by the Refugee Affairs Standing Committee.

PROGRAMME POLICY DEVELOPMENTS

The Department of Home Affairs aims to process and approve immigration applications and applications for work and study permits in line with South Africa's skills and investment needs and with due regard for the country's economic, social and cultural interests.

The Immigration Bill, intended to replace the Aliens Control Act, was introduced to Parliament during this reporting year and is likely to be enacted in 2002. It aims to shift the emphasis of aliens control away from tracing and removing illegal aliens towards enforcing sanctions against persons who employ, educate, accommodate or assist aliens in contravention of the law.

The Department progressed further with the implementation of a computerised visa system at all missions abroad and at critical ports of entry. The system has high security features and, once implemented, will expedite the clearance of travellers at ports of entry and will curb fraud.

OUTPUTS AND SERVICE DELIVERY TRENDS

| Sub-programme | Outputs | Output performance measures/ service delivery indicators | *Actual Performance/ Quantity |
|---|--|--|---|
| Permanent and temporary residence and Immigration Selection Board | Process applications and issue permits | Number of permits issued in terms of the Statement of Standards set by the Minister: - Immigration permits - Work permits - Work seekers permits - Study permits - Temporary residence permits (holiday, medical, business) | 4 832 19 430 8 33 361 5 433 840 |
| Control of travellers | Process applications and issue visas Clear visitors at ports of entry | Number of visas issued Number of persons cleared - Arrivals - Departures | 474 927 12 485 781 14 805 334 |
| Aliens control | Removal of illegal aliens Deportation of undesirable persons | Number of aliens removed Number of deportations | 156 123 760 |
| Refugee affairs | Consider asylum applications | Number of asylum applications finalised | 2 291 |
| Refugee Affairs Appeal Board | Consider asylum appeals | Number of asylum appeals finalised | 4 220 |

* Figures provided are for the calendar year 2001

PROGRAMME 4:

AUXILIARY AND ASSOCIATED SERVICES

AIM:

The aim of this programme is to render auxiliary services and services associated with the Department's aims. The programme is organized into the following sub-programmes:

- The Film and Publication Board sub-programme funds the classification of certain films and publications by means of a Film and Publication Board and a Film and Publication Review Board in terms of the Films and Publications Act of 1996.
- The Government Printing Works sub-programme provides for the augmentation of the Government Printing Works Trading Account for the supply of printing and stationary to government departments and to make government publications available for sale to the public.
- The Electoral Commission sub-programme provides for the establishment and composition of an Electoral Commission to manage elections for national, provincial and local legislative bodies and referenda and makes provision for the establishment and composition of an Electoral Court in terms of the Electoral Act of 1996.
- Government Motor Transport sub-programme funds the purchasing of vehicles for departmental use, as well as for allocations under the subsidized motor transport scheme.

PROGRAMME POLICY DEVELOPMENTS

The Film and Publication Board is a statutory body established in terms of the Films and Publications Act, 1996. The Board regulates the creation, production, possession, exhibition and distribution of films and publications and prohibits the exploitation of children in pornography on the internet. The board classified 1 796 films in 2001/02 and expects the number of classification units to remain at approximately 2 000 films, videos and computer games over the medium term.

The Film and Publication Board submits its own, separate annual report to Parliament.

The Independent Electoral Commission (IEC) is a permanent body created by the Constitution to promote and safeguard democracy in South Africa. The vision of the IEC is to strengthen constitutional democracy through the delivery of free and fair elections in which every voter is able to record his or her informed choice.

The functions of the IEC include:

- Managing any election and ensuring that it is free and fair
- Promoting knowledge of sound democratic processes
- Compiling and maintaining the voters' rolls
- Compiling and maintaining a register of political parties
- Establishing and maintaining liaison and cooperation with parties

- Undertaking and promoting research into electoral matters
- Developing and promoting electoral expertise and technology
- Continuously reviewing and assessing electoral legislation
- Promoting voter education
- Promoting cooperation with and between individuals, institutions, governments and administrations to achieve the IEC's objectives
- Demarcating wards in the local sphere of government or causing them to be demarcated.

The Independent Electoral Commission also submits its own, separate annual report to Parliament.

The Government Printing Works provides printing, stationary and related items to government departments, provincial governments and local authorities and publishes, markets and distributes government publications. It also provides related services to other African countries, such as printing high security documents for Namibia, Malawi and Swaziland. In this reporting year the digital printing facility was used to print ballot papers for Tanzania.

The following statistics reflect the activities of the Printing Branch of the Government Printing Works for 2001/2002:

| | 2001/2002 |
|------------------------------|------------------|
| Orders | 3 762 |
| Rubber stamps manufactured | 27 970 |
| Examination papers | 8 141 185 |
| Postage stamps: RSA (sheets) | 36 000 |

During the year under review the Government Printing Works printed and distributed Provincial Gazettes for some Provincial Governments. The statistics are as follows:

| | 2001/2002 |
|------------------------|------------------|
| Eastern Cape Province | 134 editions |
| Northern Cape Province | 76 editions |
| North West Province | 87 editions |
| Northern Province | 117 editions |
| Mpumalanga | 117 editions |
| Gauteng | 287 editions |

PART 4

**REPORT OF THE AUDIT
COMMITTEE**

1. NATIONAL DEPARTMENT OF HOME AFFAIRS

REPORT BY THE AUDIT COMMITTEE OF THE DEPARTMENT OF HOME AFFAIRS ISSUED IN TERMS OF SECTION 3.1.10 OF THE TREASURY REGULATIONS ISSUED IN APRIL 2001 IN RESPECT OF THE YEAR ENDED 31 MARCH 2002

It is the responsibility of the Audit Committee to report on:

1. The effectiveness of internal control (Section 3.1.10 (a))
2. The quality in management and monthly reports submitted in terms of the Act and the Division of Revenue Act (Section 3.1.10 (b)), and
3. Its evaluation of the annual financial statements.

The effectiveness of internal control (Section 3.1.10 (a))

The Audit Committee noted the weaknesses in internal controls revealed by the statutory audit of the Auditor-General, as well as those reflected by the internal audit division. It is essential that senior management consider the weaknesses raised and ensure prompt action to effect correction, as most reports dealing with internal control issues indicated serious control and skills deficiencies at the operating offices. In certain instances, reports have revealed a repetition of non-compliance of laid down procedures at offices subject to internal audit visits.

It is a major concern that the Auditor-General reported that no reliance could be placed on the work of the internal audit division, the main reason being the lack of capacity of this division. Although some progress has been made in this regard, the Audit Committee still could not rely on the work of the internal audit division to make a proper evaluation of the internal controls in operation for the following reasons:

- Size, scope of audit and level of experience of the internal audit division, and
- Effective positioning of the internal audit team within the management structure of the department.

Based on the above, it is evident that certain requirements set out in the Public Finance Management Act relating to the functioning and responsibilities of the internal audit division have not been complied with.

We believe that one of the constraints to properly address the internal audit issue is the lack of funding. The Audit Committee recommends that senior management consider these issues as top priority and address them as a matter of urgency.

The Audit Committee is also concerned about the number of senior management positions filled by acting personnel, or not filled at all. Under no circumstances does this committee imply that such officials are not competent to act in such positions, but recommends more permanent appointments at senior management level in order to improve stability in the Department. It should be noted that a number of very senior

positions are vacant at present, which seriously hampers the effectiveness and efficiency of services rendered by the Department.

The audit opinion of the Auditor-General has been qualified as section 36(5) of the Public Finance Management Act was not complied with. The non-compliance refers to the non-signing of the contract of employment of the Director-General in respect of the period 21 June 2001 to 20 June 2002, full details of which are set out in the report of the Auditor-General. The Audit Committee noted that the validity of the contract is questionable due to the non-signing thereof. Every effort must be made to prevent a similar occurrence.

The Audit Committee also wishes to report that only one of the present external members of the committee has been a member of the committee throughout the financial year under review. Three new external members were appointed, but only served as members of the said committee for the last three months prior to the signing of this report. In future every effort must be made, where practicably possible, to ensure that members remain in office until the report issued by the Audit Committee has been finalized for the year under review.

Although there is no reason to believe management do not have a reasonable understanding of the key risks in the Department, tenders are being awaited for the appointment of a consultant to assist the Department in drafting a risk profile for the Department. The formalisation of the risk profile is of utmost importance.

The quality in management and monthly reports submitted in terms of the Act and the Division of Revenue Act (Section 3.1.10 (b))

The prescribed reports were submitted to the National Treasury on a monthly basis in the prescribed form.

Report on the annual financial statements (Section 3.1.10 (c))

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



N RUSSOUW
Chairman
Date : 20 August 2002

2. GOVERNMENT PRINTING WORKS

REPORT BY THE CHAIRMAN OF THE AUDIT COMMITTEE OF THE GOVERNMENT PRINTING WORKS FOR THE YEAR ENDED 31 MARCH 2002

1. During the year under review Mr. P.G. Viljoen resigned from the committee and was replaced by Mr. M.E. Dondolo. The other two members being Mr. M.R. Maleka and M. Coetzee (Chairman).
2. The Committee held 8 meetings during the year, attended in most instances by members of Internal Audit, the office of the Auditor-General and Management of the Government Printing Works.
3. It was endeavoured to cover as many aspects as possible, but the G.P.W. is first and foremost a production unit operating on a trading account and embraces three different businesses, viz. printing, stationery and publications. It is therefore a complex organisation and the Internal Audit Section, with limited manpower, can cover only a small field at a time.
4. **Financial Aspects**
 - 4.1 Compared to the previous financial year a slight improvement in the financial position has occurred. The overdraft on the PMG account at the S.A. Reserve Bank amounted to R140 million as at 31 March 2002, compared to R155 million for 2001, a decrease of R15 million (9,7%).
 - 4.2 It appears that the quite substantial bank overdraft is partly the result of the Working Capital not being increased annually to a realistic figure. The Audit Committee has discussed this aspect with the Management and efforts are now being made to rectify the situation.
 - 4.3 The Debtor's Account was reduced from R172 million in the previous year to R160 million. Although a special debt collecting section has been established, showing some promising results, numerous unresolved accounts, dating as far back as 1996, were still being scrutinised in an effort to clear the backlog accumulated in either suspense accounts or still owing by Departments or Provincial Administrations.
 - 4.4 Equally, many Departmental/Provincial records seem to be in disarray, which renders it extremely difficult for the GPW financial staff to balance, reconcile and finalise outstanding accounts.

- 4.5 Again it has to be reported that the GPW functioned without a properly compiled internal Departmental Budget for the year under review. It was thus impossible to determine whether the costing structures and tariffs were realistic and effective.
- 4.6 Although it was evident that Management was making concerted efforts to rectify the unhealthy financial position, the Committee was concerned that the GPW could find itself in an untenable position should the intended privatisation/ reconstruction of the organisation materialise in the near future.

5. **Internal Audit Component**

- 5.1 Although an additional official was seconded to the under-staffed Audit Section to assist with general audit work, she is periodically utilised by Management to perform other important functions, e.g. to develop and implement a bar-coding system in the Publications Section and to initiate and assist with the compilation of the 2002/2003 internal budget. The Audit Section thus remains under constant pressure and cannot cope with the heavy demands that an organisation of this nature places on it.
- 5.2 To broaden the scope and ability of the Audit Component, a private consultant has been contracted to assist the section in enhancing their functions. This resulted in the drawing up and updating of :-
- (a) An internal Audit Charter
 - (b) A one-year internal audit plan for 2002/2003
 - (c) A three year strategic audit plan up to 30th April 2004
 - (d) Risk Management Plan
 - (e) Stock taking procedures.
- 5.3 The above-mentioned plans/document were scrutinised and approved by the Audit Committee.

6. **General**

- 6.1 During the year under review the Audit Committee noted with concern:
- 6.1.1 The deteriorating personnel position in virtually all sections of the Department. Both the Assistant Government Printer and the Departmental Accountant resigned during the year as well as a number of skilled factory artisans.

- 6.1.2 The possibility of the Provincial regional offices of the GPW becoming a heavy financial burden on the Pretoria establishment, due in part to a shortage of competent managers at these posts.
- 6.1.3 The high risk of theft/fraud in the factory, stationery and publication stores.
- 6.1.4 Insufficient audit trail in the financial systems.
- 6.1.5 The delay and protraction concerning the privatisation process.

The Chairman wishes to express appreciation for the co-operation and courtesy extended by Internal Audit, Consultants, Management and office of the Auditor-General to the Audit Committee at all times during the year.



M COETZEE
Chairman
Date: 12 July 2002

PART 5
ANNUAL FINANCIAL STATEMENTS

NATIONAL DEPARTMENT: HOME AFFAIRS

MANAGEMENT REPORT

for the year ended 31 MARCH 2002

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

BUDGET ALLOCATION

A budget allocation of R1 053,029 million for the year ended 31 March 2002 was allocated to the Department of Home Affairs, which included earmarked amounts of R293,940 million and R100 million for the HANIS-Project and Independent Electoral Commission, respectively. However, this allocation was R83,511 million less than what was requested in the MTEF input as submitted to National Treasury during June 2000.

During July 2001, an amount of R72,287 million was approved by the Minister of Finance to be rolled over, which included an amount of R38,131 million to be rolled over from the Department of Public Works for Capital Works.

Treasury Committee Memoranda for projected shortages of R39,872 million, were submitted for discussion by the Treasury Committee during October 2001. However, only an amount of R15,315 million of this amount was made available, which was included in the Adjustments Estimate. In addition to this, an amount of R20,0 million for salary adjustment was allocated and included in the Adjustments Estimate.

The total allocation for 2001/2002 was R1 160,631 million, which included earmarked amounts of R293,940 million and R100 million for the HANIS-Project and Independent Electoral Commission, respectively.

2. Services rendered by the Department

2.1 Tariff policy

2.1.1 Civic Affairs and Miscellaneous

Tariffs charged by the Department in terms of Treasury Regulation 7.3.2 of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999), are scientifically calculated according to direct costs involved in the manufacturing process of identity documents, passport, etc and administrative processes, to finalise the various types of applications received from the public.

NATIONAL DEPARTMENT: HOME AFFAIRS

MANAGEMENT REPORT (continued)

for the year ended 31 MARCH 2002

2.1.2 Migration

Tariffs applicable on Migration matters are also scientifically calculated which are in line with international trends, taking into account the Rand/Dollar exchange rate.

2.1.3 Fees and tariffs that cannot be fixed and relate to revenue accruing to the State Revenue Fund

The Minister of Home Affairs approved all tariffs in conjunction with National Treasury that cannot be fixed and relate to revenue accruing to the State Revenue Fund whereafter those tariffs that have to be promulgated in the Government Gazette, are published prior to the implementation date of 1 April each year.

3. Under/Over Spending

In total, the Department had an under-spending of R41,125 million. The under-spending resulted from the following:

| | | |
|---|---|-------------------|
| Programme 1: Administration | : | R 0,050 million |
| Programme 2: Services to Citizens | : | R21,608 million |
| Programme 3: Migration | : | R 0 ,011 million |
| Programme 4: Auxiliary and Associated Services: | | R19,979 million |
| Theft and losses | : | (R 0,523) million |

Reasons for under-spending are explained in note 1 of the appropriation statement.

KEY SPENDING ITEMS

Due to limited funds allocated to the Department, the Department has concentrated on high priority services and reprioritises services on an ongoing basis to try and keep within available means. Expenditure of main items against total budget of R1 160,631 million could be summarised as follows:

NATIONAL DEPARTMENT: HOME AFFAIRS

MANAGEMENT REPORT (continued)

for the year ended 31 MARCH 2002

| | Expenditure 2001/2002 R'000 | |
|---|-----------------------------------|-------|
| Personnel Expenditure | 479 067 | 41,3% |
| Transfer Payments for Independent Electoral Commission, Film and Publication Board and Government Printing Works | 104 000 | 9,0% |
| HANIS-Project | 272 177 | 23,5% |

FINANCIAL MANAGEMENT IMPROVEMENT PROGRAMME

Monthly reconciliations of expenditure against budget are done and Budget Committee meetings are held on a regular basis to discuss budget inputs, priorities and allocations.

4. Capacity constraints

Due to limited budget allocations, it hampers the Department in achieving its objectives of efficient and effective service delivery. Limited budget allocations result, amongst others that all vacant posts cannot be filled. Furthermore, it should be taken into account that the Department of Home Affairs is established to render services to the entire population.

5. Trading entities / public entities

5.1 Trading entity

5.1.1 Government Printing Works

5.1.2 To satisfy the needs of government departments i.r.o. printing and stationery and make government publications available for sale to the public.

5.1.3 Monthly Management reports are produced to determine whether the resources are being optimally used and an Internal Audit component as well as an Audit Committee has been established to promote financial performance.

5.1.4 Financial Statement attached as Annexure A.

5.2 Public entities

5.2.1 Film and Publication Board

NATIONAL DEPARTMENT: HOME AFFAIRS

MANAGEMENT REPORT (continued)

for the year ended 31 MARCH 2002

5.2.2 For the classification of films and publications by means of a Film and Publication Board and a Film and Publication Review Board (Act 65 of 1996)

5.2.3 Departmental Transfer payment

5.2.4 Financial Statements to be tabled in Parliament separately.

6. Other organisations to whom transfer payments have been made

6.1 Independent Electoral Commission (IEC)

6.2 This is a permanent body created by the Constitution to promote and safeguard democracy in South Africa. The vision of the IEC is to strengthen constitutional democracy through free and fair elections.

6.3 Financial Statements to be tabled in Parliament separately.

7. Corporate governance arrangements

The Department is in the process of developing risk management policies for each Chief Directorate, which will be implemented during the 2002/2003 financial year. The Department will however, adapt a risk based strategic planning approach with the focus on the understanding of the activities of each Chief Directorate and identifying risks associated with each Chief Directorate.

The policies will also include a process of linking risk analysis to assigned planning and three year Strategic Plan development by assessing factors that may prevent an activity from meeting / achieving its objectives.

The Department has the following governance structures already in place for risk management and fraud prevention namely an Anti-Corruption Unit, Internal Audit, Audit Committee and the Directorate: Security and Ethical Conduct.

A fraud prevention plan was submitted to the Accounting Officer, for approval, which was implemented during the 2001/2002 financial year.

It needs to be mentioned that the Department is in the process of appointing a consultant to assist in the drafting of a risk profile for the Department.

8. Progress with financial management improvements

The implementation of the PFMA in the Department is on schedule. The presenting of financial training is also now in the process and is progressing satisfactory.

NATIONAL DEPARTMENT: HOME AFFAIRS

MANAGEMENT REPORT (continued)

for the year ended 31 MARCH 2002

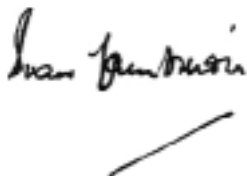
9. Other

The authorisation of unauthorised expenditure amounting to R7 773 353,08 relating to previous financial years, which is included in the Finance Bill 2002 and was to be discussed at the meeting of the Cabinet Committee for Governance and Administration on Thursday, 23 May 2002, is not taken into account in the statements. National Treasury indicated that although the Finance Bill 2001 was submitted for introduction to Parliament it was held back for various reasons, one of which was that the Constitution Second Amendment Bill 2001, would have changed the status of the Finance Bill to that of a money bill.

Furthermore, it should be kept in mind that the post of Chief Financial Officer was vacant for the past year. The Department is in the process of filling the post. In the meantime the Director: Financial Administration is acting in this post.

APPROVAL

The attached annual financial statements set out on pages 70 to 94 have been approved by the Accounting Officer.



I LAMBINON
ACTING DIRECTOR-GENERAL
DATE:

REPORT OF THE AUDITOR-GENERAL



TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF HOME AFFAIRS – VOTE 4 FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 70 to 94, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. QUALIFICATION

3.1 Validity of contract of employment of the Director-General

The Director-General was deployed from the South African Secret Services to the Department of Home Affairs on 1 December 1999 and continued to serve in that position in terms of his original five-year appointment. In terms of this appointment his term of office expired on 20 June 2001. During June 2001 the Cabinet resolved to extend the Director-General's term of office for a further 12 months. In the opinion of the former Director-General he was properly appointed to act as head of department based on the Cabinet resolution and correspondence from the Department of Public Service and Administration that informed him that he was so

appointed for the extended period. However, in terms of section 12(2)(c) of the Public Service Act, 1994 (Act No. 103 of 1994), as amended, any extension of his term of office subsequent to 1 July 1999 was subject to the conclusion of a prescribed contract. Acting in terms of section 12(2)(c) of the Act, the Minister of Home Affairs signed a copy of the prescribed contract and forwarded it to the Director-General for his signature. However, the employment contract was never signed by the Director-General.

In the absence of the conclusion of the prescribed contract, the extension of the term of office of the Director-General for a further 12 months was not valid. In view of the above the Director-General was not properly appointed as Director-General of the Department of Home Affairs for the period 21 June 2001 to 20 June 2002 and was not properly authorised to carry out the duties of a Director-General. The Director-General could therefore not fulfil the role of Accounting Officer of the Department of Home Affairs as prescribed by section 36(2)(a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). Accordingly, the Department did not have an accounting officer for the period 21 June 2001 to 20 June 2002 as required by section 36(1) of the PFMA. Furthermore, section 36(5) of the PFMA requires the employment contract of the accounting officer to be in writing, which was therefore not complied with. The state law advisers were consulted on the matter and responded as follows: "we cannot come to any other conclusion than that the legislature intended the prescribed contract as peremptory for a valid extension of office".

The Portfolio Committee on Home Affairs recommended that the Public Service Commission investigate the issue, as they are the proper authority with the necessary capacity and personnel to investigate the issue. Upon following up this matter with the Public Service Commission they indicated that the former Director-General's employment contract was successfully resolved at ministerial level. However, no evidence was furnished as to how this matter was resolved.

4. AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Home Affairs at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

5. EMPHASIS OF MATTER

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

5.1. Statutory reporting responsibilities

5.1.1 Implications of the Director-General not having an employment contract

Section 1 of the PFMA defines irregular expenditure as "expenditure, other than unauthorized expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation, including-

(a) this Act;”

Based on the fact that the employment contract of the Director-General of the Department was not in accordance with section 12(2)(c) of the Public Service Act, 1994, and section 36(5) of the PFMA, and the fact that he incurred expenditure on behalf of the Department whilst not validly appointed, the expenditure incurred was not in accordance with the requirements of the Public Service Act and the PFMA. However, there is some uncertainty as to whether the expenditure so incurred may be regarded as irregular expenditure as defined in the PFMA.

The expenditure incurred by the Director-General of the Department whilst his appointment was not in accordance with the above-mentioned legislative requirements, amounted to approximately R839 million for the period 21 June 2001 to 31 March 2002 and approximately R332 million for the period 1 April 2002 to 20 June 2002.

5.2 Other matters emphasised

5.2.1 Financial management

- *Appointment of Chief Financial Officer*

The position of Chief Financial Officer is still vacant. The Department indicated that a suitable candidate could not be found and/or the candidate rejected the employment offer. The director of financial management has been acting as the Chief Financial Officer since 1 April 2001 to date. Based on discussions with management, this situation put a great deal of strain on the capacity of the directorate considering the number of vacant positions in the directorate and it impacted heavily on the supervision of functional staff. Management attributed the large number of vacant positions to *inter alia*, administrative delays in the process, a lack of funding for the posts and a moratorium on the filling of posts. However, during the year under review several appointments were made at sections of the Department, which are not considered core functions of the Department.

- *Strategic plan*

According to the acting head of strategic planning and service delivery, the Department compiled a strategic plan for 2002-03 in terms of Treasury Regulation 5.1.1. However, the document was submitted to the National Assembly on 22 April 2002 for tabling, which is a month after the due date.

5.2.2 Internal audit

During the year under review no reliance could be placed on the work of internal audit. This was due mainly to a significant lack of capacity in the section. Although some of the vacant positions that resulted from an extension of the section's establishment were filled subsequent to the year-end, approximately 11 posts had not been filled at the time of this report. The lack of capacity resulted in the section not being able to focus adequately on the major risks facing the Department and often acted on a reactive, as opposed to a pro-active basis. At the time of writing this report the position of the head of the internal audit section was still vacant.

5.2.3 Internal control

During the audit several shortcomings in the Department's system of internal control were revealed and brought to the attention of the accounting officer. The effectiveness of the control measures put in place by management to prevent a recurrence of these weaknesses will be evaluated during the 2002-03 audit.

5.2.4 Unauthorised expenditure 2000-01

Included in unauthorised expenditure as disclosed on the balance sheet and note 10 to the financial statements is an amount of R4,468 million in respect of an overspending on programme 1 in the previous financial year, which was reported in the previous year's audit report (RP 112/2001).

The Department paid over the R4,468 million to the National Treasury during the 2001-02 financial year, but the money was refunded to the Department. This amount should still be regarded as unauthorised expenditure as the approval for the virement to be applied was only signed by the accounting officer on 29 August 2001 and the Department did not inform the National Treasury of the virement applied as required by section 43(3) of the PFMA.

The Department has made a provision for the said amount of R4,468 million as disclosed in note 16.2 to the financial statements, should the monies have to be repaid to the National Treasury.

6. APPRECIATION

The assistance rendered by the staff of the Department of Home Affairs during the audit is sincerely appreciated.



**S A Fakie
Auditor-General
Pretoria
22/08/2002**

NATIONAL DEPARTMENT: HOME AFFAIRS

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2002

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act, and the Division of Revenue Act, Act 1 of 2001.

1. Basis of preparation

The financial statements have been prepared on the cash basis of accounting except where stated otherwise. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds, and no accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the National Revenue Fund.

Dividends received are recognised as revenue in the financial statements of the department, however, it is also recognised as an expense in the same year, as the dividends are paid over to the National Revenue Fund.

3. Expenditure

Capital and current expenditure is recognised in the income statement when the payment is made. Interest paid is also recognised when paid and no accrual for interest is made between the payment date and the reporting date.

4. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

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

- the Public Finance Management Act , or
- the State Tender Board Act, or any regulations made in terms of this act.

Irregular expenditure is treated as expenditure in the income statement until such expenditure is either not condoned by National Treasury or the Tender Board, at which point it is treated as a current asset until it is recovered from a third party.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party.

5. Debts written off

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

6. Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

7. Receivables

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

8. Payables

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

9. Provision

Provisions are not normally recognised under the cash basis of accounting. Provision is recognised for the creation of debtors payable to revenue fund.

10. Subsequent payments

Subsequent payments, which relates to goods and services received before or on the accounting date, is disclosed as a note to the financial statements. These payments are not recognized in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

11. Employee benefits

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

12. Recoverable revenue

The amount R421 000 in respect of recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the payment is received.

13. Comparative figures

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

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 March 2002

| | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|------|------------------|------------------|
| REVENUE | | | |
| Voted funds | | 1 160 631 | 1 631 779 |
| Non voted funds | | | |
| - Sales of goods and services | 1 | 235 558 | 180 423 |
| - Other receipts | 2 | 35 017 | 20 651 |
| TOTAL REVENUE | | 1 431 206 | 1 832 853 |
| EXPENDITURE | | | |
| Personnel | 3 | 479 067 | 424 961 |
| Administrative | | 84 285 | 74 676 |
| Inventories | | 46 746 | 31 535 |
| Equipment | 4 | 248 241 | 218 121 |
| Land and buildings | 5 | 35 571 | – |
| Professional and special services | 6 | 121 048 | 73 175 |
| Transfer payments | 7 | 104 000 | 771 900 |
| Miscellaneous | 8 | 25 | 3 035 |
| Special functions: authorised losses | 9 | 523 | 217 |
| TOTAL EXPENDITURE | | 1 119 506 | 1 597 620 |
| NET SURPLUS FOR THE YEAR | | 311 700 | 235 233 |
| ANALYSIS OF NET SURPLUS FOR THE YEAR | | | |
| Voted funds to be surrendered | 14 | 41 125 | 34 159 |
| Revenue funds to be surrendered | 15 | 270 575 | 201 074 |
| | | 311 700 | 235 233 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

at 31 March 2002

| ASSETS | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|-------------|--------------------------|--------------------------|
| Current assets | | 91 877 | 61 421 |
| Unauthorised, irregular, fruitless and wasteful expenditure | 10 | 36 837 | 36 448 |
| Cash and cash equivalents | 11 | 17 982 | 5 320 |
| Receivables | 12 | 33 069 | 17 486 |
| Prepayments and advances | 13 | 3 989 | 2 167 |
| Total assets | | 91 877 | 61 421 |
| LIABILITIES | | | |
| Current liabilities | | 91 456 | 61 004 |
| Voted funds to be surrendered | 14 | 41 125 | 34 159 |
| Revenue funds to be surrendered | 15 | 19 805 | 19 209 |
| Payables | 16 | 16 677 | 3 168 |
| Provision | 16.2 | 13 849 | 4 468 |
| Total liabilities | | 91 456 | 61 004 |
| NET ASSETS/EQUITY | | | |
| Recoverable revenue | | 421 | 417 |
| Total net assets/equity | | 421 | 417 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the year ended 31 March 2002

| | Note | 2001/02 R'000 | 2000/01 R'000 |
|----------------------------|------|------------------|------------------|
| Recoverable revenue | | | |
| Opening balance | | 417 | 333 |
| Transfer to Revenue Fund | 15 | 4 | 84 |
| Closing balance | | <u>421</u> | <u>417</u> |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

CASH FLOW STATEMENT

for the year ended 31 March 2002

| | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net cash flow generated by operating activities | 18 | 592 202 | 452 542 |
| Cash generated to increase working capital | 19 | 5 101 | (14 016) |
| Voted funds and Revenue funds surrendered | 20 | (304 139) | (199 741) |
| Net cash flow available from operating activities | | 293 164 | 238 785 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of equipment | 18 | (246 609) | (217 309) |
| Purchase of land and buildings | 18 | (33 893) | – |
| Net cash flows from operating and investing activities | | 12 662 | 21 476 |
| Net increase in cash and cash equivalents | | 12 662 | 21 476 |
| Cash and cash equivalents at beginning of year | | 5 320 | (16 156) |
| Cash and cash equivalents at end of year | 11 | 17 982 | 5 320 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2002

| | Note | 2001/02 R'000 | 2000/01 R'000 |
|--|---|------------------|------------------|
| 1. Sales of goods and services | | | |
| Passports | | 60 078 | 57 091 |
| Population Register | | 24 236 | 18 810 |
| Travel Documents | 1.1 | 149 586 | 98 644 |
| Publications | | 463 | 685 |
| Penalties: Conveyors | | 426 | 4 468 |
| Commission on Assurance | | 769 | 725 |
| | | 235 558 | 180 423 |
| 1.1 | The increase is due to the fact that income tariffs are revised annually and increase in applications received from refugees with asylum granted. | | |
| 2. Other receipts | | | |
| Interest received | | 3 371 | 1 250 |
| Recoveries of housing rent | | 241 | 220 |
| Debt recoveries (recoverable revenue) | | 326 | 84 |
| Unspecified income from Foreign Affairs | | 24 136 | 3 500 |
| Miscellaneous | | 6 943 | 15 597 |
| | | 35 017 | 20 651 |
| 2.1 | Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above) | | |
| | Forty five sets of uniforms were donated for Immigration officers at the Johannesburg International Airport, by the Airport Company South Africa (ACSA) | 71 | - |
| | | 71 | - |
| 3. Personnel | | | |
| Appropriation to Executive and Legislature | | 1 153 | 997 |
| Basic salary costs | | 320 240 | 289 731 |
| Pension contributions | | 48 199 | 43 440 |
| Medical aid contributions | | 32 443 | 27 145 |
| Other salary related costs | | 77 032 | 63 648 |
| | | 479 067 | 424 961 |
| Average number of employees | | 6 070 | 5 670 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 4. Equipment | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|------|------------------|------------------|
| Current (Rentals, maintenance and sundry) | | 1 632 | 812 |
| Capital | 4.1 | 246 609 | 217 309 |
| | | 248 241 | 218 121 |

4.1 Capital Equipment analysed as follows:

| | | |
|--------------------------------|----------------|----------------|
| Computer equipment | 243 503 | 215 861 |
| Furniture and office equipment | 1 917 | 1 281 |
| Transport | 1 189 | 167 |
| | 246 609 | 217 309 |

5. Land and buildings

| | | |
|--------------------------|---------------|----------|
| Current expenditure | 1 678 | - |
| - Maintenance | 1 678 | - |
| - Leasehold improvements | - | - |
| Capital expenditure | 33 893 | - |
| | 35 571 | - |

5.1 Capital expenditure analysed as follows:

| | |
|---------------------------|--------|
| Property/Other structures | 33 893 |
|---------------------------|--------|

6. Professional and special services

| | Current Expenditure R'000 | - | Capital Expenditure R'000 | |
|---------------------------------|---------------------------------|----------|---------------------------------|---------------|
| Auditors' remuneration | 1 354 | - | 1 354 | 1 756 |
| Contractors | 80 627 | - | 80 627 | 36 471 |
| Computer services | 12 666 | - | 12 666 | 12 362 |
| Food (Lindela Detention Centre) | 19 665 | - | 19 665 | 16 111 |
| Legal services | 2 851 | - | 2 851 | 3 801 |
| Repair services | 2 211 | - | 2 211 | 1 088 |
| Special Advisor | 844 | - | 844 | 711 |
| Other | 830 | - | 830 | 875 |
| | 121 048 | - | 121 048 | 73 175 |

The increase in contractor expenditure is due to the Hanis Project and security services.

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 7. Transfer payments | Current Expenditure R'000 | Capital Expenditure R'000 | 2001/02 R'000 | 2000/01 R'000 |
|---|---------------------------------|---------------------------------|------------------|------------------|
| Transferee | | | | |
| Film and Publication Board | 3 000 | – | 3 000 | 2 900 |
| Government Printing Works | 1 000 | – | 1 000 | 1 000 |
| Independent Electoral Commission | 100 000 | – | 100 000 | 768 000 |
| | 104 000 | – | 104 000 | 771 900 |
| The decrease is as a result of reduced allocation for the Independent Electoral Commission | | | | |
| 8. Miscellaneous | | | | |
| Stabilisation fund (Terminates after 2000/01) | | | – | 3 015 |
| Remissions, refunds and payments made as an act of grace | | 8.1 | 21 | 8 |
| Gifts, donations and sponsorships made | | 8.2 | 2 | 12 |
| Claims against the State | | | 2 | – |
| | | | 25 | 3 035 |
| 8.1 Remissions, refunds and payments made as an act of grace | | | | |
| Repair of vehicle damaged by a remote control security gate | – | – | – | 6 |
| Others | – | – | – | 2 |
| Settlement dispute (Arbitration Award) | 21 | – | 21 | – |
| | 21 | – | 21 | 8 |
| 8.2. Gifts, donations and sponsorship made in kind (items expended in previous periods – Total value not included above) | | | | |
| African paintings - Seminar "in search of a different perspective on asylum and Migration". | – | – | – | 1 |
| Stationery – Termination of ID Task Team | – | – | – | 11 |
| Wooden Clock – International Judges serving as supervisor in respect of Appeal Board backlog project. | 1 | – | 1 | – |
| Africa Ant Statue – Deputy Minister of Foreign Affairs and Cooperation responsible for flood reconstruction. | 1 | – | 1 | – |
| | 2 | – | 2 | 12 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 9. Special functions: Authorised losses | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|-------------|--|--|
| Material losses through criminal conduct | 9.1 | 181 | – |
| Other material losses written off | 9.2 | 48 | 174 |
| Debts written off | 9.3 | 294 | 43 |
| | | 523 | 217 |
| 9.1 Material losses through criminal conduct | | | |
| | | Current Expenditure R'000 | Capital Expenditure R'000 |
| Theft of equipment | 171 | – | 171 |
| Damages repaired | – | 8 | – |
| Theft of accessories | – | 2 | – |
| | | 10 | 171 |
| 9.2 Other material losses written off in income statement in current period | | | |
| Damage to state vehicles | 37 | – | 37 |
| Losses due to robberies, thefts and due to negligence as well as repairs to equipment | – | 11 | 81 |
| | | 11 | 37 |
| 9.3 Debts written off | | | |
| Financial assistance | – | – | 31 |
| Dishonoured cheques | 40 | – | 4 |
| Others | 5 | – | 8 |
| State guarantee debt | 84 | – | 84 |
| Claims written off | 15 | – | 15 |
| Salary overpayment and other salary debts | 110 | – | 110 |
| Interest | 40 | – | 40 |
| | | 294 | 43 |
| 10. Unauthorised, irregular, fruitless and wasteful expenditure | | | |
| | Note | | |
| Unauthorised expenditure | 10.2 | – | 10 598 |
| Irregular expenditure | 10.3 | 389 | 4 294 |
| Unauthorised expenditure in respect of previous years not yet approved | 10.4 | 36 448 | 21 556 |
| | | 36 837 | 36 448 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 10.1 Reconciliation of movement in account balance | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|---|----------------------|----------------------|
| Opening balance | | 36 448 | |
| Transfer from income statement | 10.3 | <u>389</u> | |
| Closing balance | | <u>36 837</u> | |
| 10.2 Unauthorised expenditure | | | |
| Incident | Disciplinary steps taken/ criminal proceedings | | |
| Transportation of deportees | | - | 6 130 |
| Overspending on Programme 1 after virement was applied. | | | |
| <p>The Director-General did not exercise the option under section 43(1) of the PFMA to utilise the saving on other programmes to defray the overspending under programme 1 and also did not comply with section 43(3) of the PFMA in that he did not inform National Treasury within 7 days of utilisation of the saving.</p> <p>However, on 29/08/2001, the Director-General approved the virement of this amount. The Department repaid the amount of R4,468 million to National Treasury and this amount was subsequently refunded to the Department.</p> <p>However, the amount is still regarded as unauthorised expenditure in terms of the PFMA.</p> | | | |
| | | - | 4 468 |
| | | <u>-</u> | <u>10 598</u> |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 10.3 Irregular expenditure | | Note | 2001/02 R'000 | 2000/01 R'000 |
|--|---|------|------------------|------------------|
| Incident | Disciplinary steps taken/ criminal proceedings | | | |
| Transportation of deportees | | | – | 4 294 |
| Chubb Protective Services (Pty) Ltd | The case has been referred to the State Attorney for his/her decision | | 389 | – |
| | | | 389 | 4 294 |
| 10.4 Unauthorised/irregular expenditure in respect of previous years not yet approved | | | | |
| Year disallowed | Incident | | | |
| 1997/1998 | Using of Meritum Hostel's facilities without obtaining prior approval from the State Tender Board to renew its contract. | | 1 579 | 1 579 |
| 1998/1999 | i) The appointment of Maluleke Msimang and Associates who represented the Department in the case of the Department of Home Affairs versus Baramato and Others were inconsistent with the provisions of the Act on the State Attorney (R620 307.07). | | 809 | 809 |
| | ii) Rental accommodation – District Office Elim and Hazyview without obtaining approval of the lease agreement between the Department of Public Works and Fairways Enterprises CC (R85 451.31) | | | |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 10.4 Unauthorised/irregular expenditure in respect of previous years not yet approved (continued) | | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|--|------|------------------|------------------|
| Year disallowed | Incident | | | |
| | iii) Using of Meritum Hostel's facilities without obtaining prior approval from the State Tender Board to renew its contract - Unauthorised expenditure of R102 995.00 was not disclosed for the previous financial year ending 31 March 1998. | | | |
| 1999/2000 | i) Debit balance on the "General Account of the Vote" (R18 029 039.74). | | 19 168 | 19 168 |
| | ii) Services of the National Television to broadcast the "Identity Document Campaign" (R1 139 430.08). | | | |
| 2000/2001 | Unauthorised | | | |
| | i) Transportation of deportees by air without obtaining prior approval from State Tender Board to deviate from existing State Tender No RT309 of 1998MD. | | 6 130 | - |
| | ii) Overspending on programme 1(refer to note 10.2) | | 4 468 | - |
| | Irregular | | | |
| | i) Transportation of deportees | | 4 294 | - |
| | | | 36 448 | 21 556 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 11. Cash and cash equivalents | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|------|------------------|------------------|
| Paymaster General Account / Exchequer Account | 11.1 | 17 982 | 5 320 |
| | | 17 982 | 5 320 |
| 11.1 Paymaster General Account / Exchequer Account | | | |
| Balance as per National Accounting Office | | 35 635 | 41 966 |
| Add: Outstanding deposits | | 10 038 | (141) |
| Sub total | | 45 673 | 41 825 |
| Deduct: | | (27 691) | (36 505) |
| Orders payable | | (2 080) | (2 115) |
| PMG adjustment account | | 342 | 409 |
| ACB control account | | (25 953) | (34 799) |
| Balance above | | 17 982 | 5 320 |
| 12. Receivables | | | |
| Amounts owed by other departments | 17 | 14 189 | 1 431 |
| Staff debtors | 12.2 | 2 840 | 3 142 |
| Other debtors | 12.3 | 16 040 | 12 913 |
| | | 33 069 | 17 486 |
| 12.1 Age analysis – receivables | | | |
| Less than one year | | 2 540 | 9 913 |
| One to two years | | 24 811 | 1 569 |
| More than two years | | 5 718 | 6 004 |
| | | 33 069 | 17 486 |
| 12.2 Staff debtors | | | |
| Persal disallowance | | 2 749 | 1 217 |
| Other | | 91 | 1 925 |
| | | 2 840 | 3 142 |
| 12.3 Other debtors | | | |
| Penalties charged | | 526 | – |
| Claims paid PMG Susp Foreign Affairs | | – | 5 030 |
| Claims recoverable – Salaries | | – | 299 |
| Resigning debt / Ex personnel | | 878 | 1 017 |
| Shortages because of theft | | 1 399 | 1 262 |
| Vehicle accidents | | 1 966 | 1 725 |
| Debtor debt: Penalties | | 9 895 | – |
| Dishonoured cheques | | 117 | 139 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 12.3 Other debtors (continued) | Note | 2001/02 R'000 | 2000/01 R'000 |
|--|------|------------------|------------------|
| Claims recoverable – Expenses | | – | 255 |
| Claims recoverable – deductions | | 63 | 1 425 |
| Clearance Acc Foreign Affairs | | 131 | 17 |
| Resigning debt pension susp | | 196 | 229 |
| Persal Reverseable Control | | – | 1 169 |
| Recoverable rent debt abroad | | 258 | 215 |
| Lost / damage of equipment | | 367 | 117 |
| Petty cash / Postage susp acc | | 119 | – |
| Other | | 125 | 14 |
| | | 16 040 | 12 913 |
| 13. Prepayments and advances | | | |
| Subsistence and transport | | 2 870 | 1 578 |
| Receipt suspense account | | 817 | – |
| Others | | 302 | 589 |
| | | 3 989 | 2 167 |
| 14. Voted funds to be surrendered | | | |
| Opening balance | | 34 159 | – |
| Voted funds | | 1 160 631 | 1 631 779 |
| Expenditure incurred | | (1 119 506) | (1 597 620) |
| Amount paid during the year | | (34 159) | – |
| Closing balance | | 41 125 | 34 159 |
| 15. Revenue funds to be surrendered | | | |
| Opening balance | | 19 209 | 17 876 |
| Transfer from income statement | | 270 571 | 200 990 |
| Transfer from recoverable revenue | | 4 | 84 |
| Paid during the year | | (269 980) | (199 741) |
| Closing balance | | 19 804 | 19 209 |
| 16. Payables | | | |
| Amounts owed to other departments | 17 | 9 147 | |
| Other payables | 16.1 | 7 530 | 3 168 |
| | | 16 677 | 3 168 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 16.1 Other payables | Note | 2001/02 R'000 | 2000/01 R'000 |
|--|------|----------------------------------|----------------------------------|
| Persal Deductions – Pensions | | 5 282 | 549 |
| Boat/Plane Hire Aways | | 1 865 | 1 458 |
| Others | | 383 | 1 161 |
| | | 7 530 | 3 168 |
| 16.2 Provisions | | | |
| Purpose of provisions | | | |
| Opening balance | | 4 468 | – |
| Penalties debt recoverable and payable to revenue fund | | 9 381 | – |
| Provision in respect of unauthorised expenditure per note 10.2 that was refunded to the Department which may become due and payable to National Treasury | | – | 4 468 |
| | | 13 849 | 4 468 |
| 17. Transactions with other departments | | | |
| | | Owing by other department | Owing to other department |
| Name of department | | | |
| Foreign Affairs | | 13 153 | 9 092 |
| Government Printing Works | | – | 55 |
| Film and Publication Board | | 306 | – |
| Northern Province: Environmental Affairs & Tourism | | 13 | – |
| Provincial and Local Government | | 10 | – |
| Correctional Services | | 50 | – |
| Northern Province: Provincial Legislature | | 6 | – |
| Northwest Provincial Administration | | 45 | – |
| Health | | 46 | – |
| S A Defence Force | | 26 | – |
| Northern Province: Health & Welfare | | 17 | – |
| Provincial Administration: Kwa-zulu Natal | | 66 | – |
| Western Cape: Department of Health | | 8 | – |
| Cape Education Department | | 5 | – |
| Eastern Cape: Provincial Government | | 73 | – |
| Foreign Affairs | | 100 | – |
| Environmental Affairs & Tourism | | 2 | – |
| Public Works | | 93 | – |
| South African Police Services | | 4 | – |
| Office of the Public Service Commission | | 3 | – |
| Water Affairs & Forestry | | 2 | – |
| Justice | | 90 | – |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 17. Transactions with other departments (continued) | | Owing by other department | Owing to other department |
|---|-------------|---------------------------------|---------------------------------|
| Eastern Cape: Education, Culture & Sport | | 31 | – |
| Provincial Administration: Free State | | 8 | – |
| Mpumalanga Province | | 31 | – |
| Northern Province: Education Arts & Culture | | 1 | – |
| Actual 2001/02: R'000 | | 14 189 | 9 147 |
| Actual 2000/01: R'000 | | 1 431 | – |
| 18. Net cash flow generated by operating activities | Note | 2001/02 R'000 | 2000/01 R'000 |
| Net surplus for the year as per Income Statement | | 311 700 | 235 233 |
| Adjusted for items separately disclosed | | 280 502 | 217 309 |
| Purchase of equipment | 4.1 | 246 609 | 217 309 |
| Purchase of land and buildings | 5.1 | 33 893 | – |
| Net cash flow generated by operating activities | | 592 202 | 452 542 |
| 19. Cash generated (utilised) to (increase)/decrease working capital | | | |
| (Increase) in receivables | | (6 435) | (5 402) |
| (Increase) in prepayments and advances | | (1 822) | (460) |
| (Increases) in unauthorised expenditure | | (389) | (14 892) |
| Increase in payables | | 4 362 | 2 186 |
| Increase in provisions | | 9 381 | 4 468 |
| Increase in recoverable revenue | | 4 | 84 |
| | | 5 101 | (14 016) |
| 20. Voted funds and Revenue funds surrendered | | | |
| Voted funds surrendered during the year | 14 | 34 159 | – |
| Revenue funds surrendered during the year | 15 | 269 980 | 199 741 |
| | | 304 139 | 199 741 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 21 | Contingent liabilities | Note | 2001/02 R'000 | 2000/01 R'000 | | |
|-------------|---------------------------------------|------------------------|--------------------|---|--|------------------------|
| | Nature of contingent liability | | | | | |
| | Motor vehicle guarantees | Employees 21.1 | 891 | 798 | | |
| | Housing loan guarantees | Employees 21.2 | 13 847 | 15 929 | | |
| | | | 14 738 | 16 727 | | |
| 21.1 | Motor vehicle guarantees | | | | | |
| | STANNIC | | 728 | | | |
| | BANKFIN | | 163 | | | |
| | | | 891 | | | |
| 21.2 | Housing loan guarantees | | | | | |
| | Name of financial institution | Opening balance | Amend-ments | Guaran-tees issued during the financial year | Guaran-teeed released during the financial year | Closing balance |
| | | R'000 | R'000 | R'000 | R'000 | R'000 |
| | ABSA Bank | 5 547 | (946) | 412 | (593) | 4 420 |
| | African Bank | 101 | (17) | - | - | 84 |
| | Boe Bank | 47 | 1 025 | 193 | - | 1 265 |
| | Boland Bank | 32 | (16) | - | - | 16 |
| | BOP Building Soc. | 32 | (13) | - | - | 19 |
| | Cape Good Hope Bank | 14 | - | - | (14) | - |
| | Cash Bank | 100 | - | - | - | 100 |
| | Citizen Bank | 96 | (76) | - | - | 20 |
| | Credit Savings Bank | 15 | - | - | - | 15 |
| | Fidelity Bank | 341 | 212 | - | - | 553 |
| | First National Bank | 1 189 | (194) | 67 | (165) | 897 |
| | Future Bank | 341 | (230) | - | - | 111 |
| | Grahamstown | 13 | (13) | - | - | - |
| | Green Start Home Loans | - | - | 31 | - | 31 |
| | Ithala Bank | - | 35 | - | - | 35 |
| | Khayalithu Home Loans | 18 | - | - | - | 18 |
| | Kwazulu FC | 3 | - | - | - | 3 |
| | Meeg Bank | 142 | (31) | 24 | - | 135 |
| | Natal Building Society | 1 150 | (1 150) | - | - | - |
| | Nedcor | 1 318 | 783 | 294 | (198) | 2 197 |
| | Nedperm | 40 | (40) | - | - | - |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 21.2 | Housing loan guarantees Name of financial institution (continued) | Opening balance | Amend- ments | Guaran- tees issued during the financial year | Guaran- teed released during the financial year | Closing balance |
|------------|--|--------------------------------|--------------------------------|---|---|--------------------|
| | | R'000 | R'000 | R'000 | R'000 | R'000 |
| | NP Development Corporation | – | – | 21 | – | 21 |
| | Old Mutual Bank | 215 | (9) | 173 | – | 379 |
| | Permanent Bank | 1 002 | (1 002) | – | – | – |
| | Saambou Bank | 2 245 | (440) | 129 | (167) | 1 767 |
| | Standard Bank | 1 844 | (245) | 160 | (109) | 1 650 |
| | TNBS Mutual Bank | – | 27 | – | – | 27 |
| | Uni Bank | 50 | (18) | – | – | 32 |
| | VBS Mutual Bank | 34 | – | 18 | – | 52 |
| | | 15 929 | (2 358) | 1 522 | (1 246) | 13 847 |
| 22. | Short term employee benefits | | Note | | 2001/02 | 2000/01 |
| | | | | | R'000 | R'000 |
| | Major classes | | | | | |
| | Leave entitlement | | | | 2 048 | |
| | Thirteenth cheque | | | | 24 730 | |
| | Performance bonus | | | | 7 494 | |
| | | | | | 34 272 | |
| 23. | Subsequent payments not recognised in income statement | | | | | |
| 23.1 | Administrative expenditure | | | | 167 | |
| | Inventories | | | | 27 | |
| | Equipment | | | | 35 | |
| | Professional and special services | | | | 15 | |
| | | | | | 244 | |
| 23.2 | Administration | | | | 216 | |
| | Services to Citizens | | | | 20 | |
| | Migration | | | | 6 | |
| | Auxiliary and associated services | | | | 2 | |
| | | | | | 244 | |
| 24. | Commitments | | | | | |
| | | Current expenditure | Capital expenditure | | | |
| | | R'000 | R'000 | | | |
| | Approved and contracted | 5 400 | 10 997 | | 16 397 | |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 25. Controlled entities | Note | 2001/02 R'000 | 2000/01 R'000 |
|---|--------------------------------|------------------|------------------|
| Film and Publication Board | 7 | | |
| <p>All financial transactions are subject to checks and verifications for accuracy and compliance with relevant regulations and accounting practices and are monitored by the Chief Executive Officer, the Chief Financial Officer and the Executive Committee. Further checks and balances are provided by regular meetings of the Board's Finance Committee, consisting of the Executive Committee, the Senior Administration Clerk and the Accounts Clerk.</p> <p>The first meeting of the Audit Committee, held on 26 October 2001, reviewed, and subsequently approved the Board's system of financial and risk management and internal controls, as prepared by the Board's auditors.</p> | | | |
| 26. Key management personnel | | | |
| 26.1 Remuneration | | | |
| Employee | Position | | |
| Buthelezi M G | Minister | 646 | |
| Nqakula C | Deputy Minister | 508 | |
| Masetlha B L | Director General | 624 | |
| Lambinon I | Deputy Director General | 499 | |
| Malatji K R | Chief Director | 382 | |
| Chavalala J R | Chief Director | 403 | |
| du Plessis J S | Chief Director | 410 | |
| Monyeki M P | Chief Director | 404 | |
| Tshikororo M N | Chief Director | 360 | |
| Krige W J | Acting Chief Financial Officer | 327 | |
| Fick J C | Acting Chief Director | 313 | |
| 26.2 Other remuneration and compensation provided to key management | | | |
| Employee | Position | | |
| Masetlha B L | Director General | 4 | |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

APPROPRIATION STATEMENT

for the year ended 31 March 2002

| Programme | Adjustments Estimate | Virement | Amount Voted | Expenditure | Savings (Excess) | | Amount Voted | Expenditure |
|---|----------------------|----------------|------------------|------------------|------------------|-------------|------------------|------------------|
| R'000 | 2001/02 | 2001/02 | 2001/02 | 2001/02 | 2001/02 | % | 2000/01 | 2000/01 |
| 1. Administration | 181 915 | 6 211 | 188 126 | 188 076 | 50 | 0.03 | 149 593 | 154 061 |
| 2. Services to Citizens | 646 685 | 1 755 | 648 440 | 626 832 | 21 608 | 3.33 | 553 536 | 520 333 |
| 3. Migration | 171 267 | (7 941) | 163 326 | 163 315 | 11 | 0.01 | 156 518 | 150 942 |
| 4. Auxiliary and associated services | 160 764 | (25) | 160 739 | 140 760 | 19 979 | 12.43 | 772 132 | 772 067 |
| 5. Special functions | | | | 523 | (523) | | | 217 |
| Total | 1 160 631 | - | 1 160 631 | 1 119 506 | 41 125 | 3.54 | 1 631 779 | 1 597 620 |
| Economic classification – actual expenditure | | | | | | | | |
| | Adjustments Estimate | Virement | Amount Voted | Expenditure | Savings (Excess) | | Amount Voted | Expenditure |
| | 2001/02 | 2001/02 | 2001/02 | 2001/02 | 2001/02 | % | 2000/01 | 2000/01 |
| Current | 854 691 | (5 583) | 849 108 | 839 004 | 11 782 | 1.39 | 1 414 088 | 1 380 311 |
| Personnel | 512 134 | (33 055) | 479 079 | 479 067 | 12 | | 423 594 | 424 961 |
| Transfer payments | 104 001 | - | 104 001 | 104 000 | 1 | | 771 901 | 771 900 |
| Other | 238 556 | 27 472 | 266 028 | 255 937 | 11 769 | 4.42 | 218 593 | 183 450 |
| Capital | 305 940 | 5 583 | 311 523 | 280 502 | 29 343 | 9.42 | 217 691 | 217 309 |
| Transfer payment | 2 | - | 2 | - | 2 | - | 2 | - |
| Acquisition of capital assets | 305 938 | 5 583 | 311 521 | 280 502 | 29 341 | 9.42 | 217 689 | 217 309 |
| Total | 1 160 631 | - | 1 160 631 | 1 119 506 | 41 125 | 3.54 | 1 631 779 | 1 597 620 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2002

| Standard items – actual expenditure | Adjustments Estimate 2001/02 | Virement 2001/02 | Amount Voted 2001/02 | Expenditure 2001/02 | Savings (Excess) 2001/02 | % | Amount Voted 2000/01 | Expenditure 2000/01 |
|-------------------------------------|---------------------------------|---------------------|-------------------------|------------------------|-----------------------------|-------------|-------------------------|------------------------|
| Personnel expenditure | 512 134 | (33 055) | 479 079 | 479 067 | 12 | – | 423 594 | 424 961 |
| Administrative expenditure | 66 449 | 17 843 | 84 292 | 84 285 | 7 | 0.01 | 71 463 | 74 676 |
| Inventories | 37 633 | 9 121 | 46 754 | 46 746 | 8 | 0.02 | 30 785 | 31 535 |
| Equipment | 251 876 | 5 632 | 257 508 | 248 241 | 9 267 | 3.60 | 239 213 | 218 121 |
| Land and buildings | 55 548 | – | 55 548 | 35 571 | 19 977 | 35.96 | – | – |
| Professional and special services | 132 988 | 432 | 133 420 | 121 048 | 12 372 | 9.27 | 91 515 | 73 175 |
| Transfer payments | 104 003 | – | 104 003 | 104 000 | 3 | – | 771 903 | 771 900 |
| Miscellaneous expenditure | – | 27 | 27 | 25 | 2 | 7.41 | 3 306 | 3 035 |
| Special functions | – | – | – | 523 | (523) | | – | 217 |
| Total | 1 160 631 | – | 1 160 631 | 1 119 506 | 41 125 | 3.54 | 1 631 779 | 1 597 620 |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2002

1. Explanations of material variances from Amount Voted (after Virement):

1.1 Per programme:

i) PROGRAMME 2: SERVICES TO CITIZENS

The saving can mainly be attributed to commitments regarding the HANIS Project for equipment ordered but not yet delivered by the end of March 2002 as well as contractual services that did not realise as anticipated.

ii) PROGRAMME 4: AUXILIARY AND ASSOCIATED SERVICES

The saving is mainly for the upgrading of the Civitas building. The Department was not the only stakeholder involved and the Department of Public Works were constantly informed of all the delays. The latter Department is currently facilitating the progress as other Departments are also involved.

1.2 Per standard item:

i) EQUIPMENT

The saving can mainly be attributed to commitments regarding the HANIS Project for equipment ordered but not yet delivered by the end of March 2002.

ii) LAND AND BUILDINGS

During the 2001/2002 financial year the Department of Public Works embarked on a project to relocate 5 major Departments of which Home Affairs was one. After the Department of Public Works evaluated the needs, Home Affairs, by instruction of Public Works, did not proceed with arrangements for the upgrading project. There was also a possibility that Home Affairs could occupy the building where the Department of Land Affairs was situated while the upgrading is in progress. However, Land Affairs reversed their decision to vacate the building. As a result of these protracted negotiations work on the upgrading project did not commence, resulting in a saving on the upgrading of the Civitas building.

iii) PROFESSIONAL AND SPECIAL SERVICES

The saving can mainly be attributed to contractual services regarding the HANIS Project that did not realise as anticipated.

2. Reconciliation of appropriation statement to income statement:

| | 2001/02 | 2000/01 |
|--|------------------|------------------|
| | R'000 | R'000 |
| Total revenue per income statement | 1 431 206 | 1 832 853 |
| Less: Other receipts | (270 575) | (201 074) |
| Amount voted per appropriation statement | <u>1 160 631</u> | <u>1 631 779</u> |
| | | |
| Total expenditure per income statement | <u>1 119 506</u> | <u>1 597 620</u> |
| Actual expenditure per appropriation statement | <u>1 119 506</u> | <u>1 597 620</u> |

NATIONAL DEPARTMENT: HOME AFFAIRS

VOTE 4

STATEMENT OF FOREIGN AID ASSISTANCE RECEIVED

for the year ended 31 March 2002

| Source of funds Actual 2002 R'000 | Intended use | Amount rolled over 1 April 2001 | Amount received for the year ended 31 March 2002 | Amount spent for the year ended 31 March 2002 | Balance unspent/ (overspent) as at 31 March 2002 |
|--------------------------------------|--------------|---------------------------------------|---|--|--|
| | | (12) | – | – | – |
| | | (12) | – | – | – |

| Source of funds Actual 2001 R'000 | Intended use | Amount rolled over 1 April 2000 | Amount received for the year ended 31 March 2001 | Amount spent for the year ended 31 March 2001 | Balance unspent/ (overspent) as at 31 March 2001 |
|--------------------------------------|--------------|---------------------------------------|---|--|--|
| | | – | 109 | 121 | (12) |
| | | – | 109 | 121 | (12) |

| Value received in kind Source of foreign aid | Intended use | 2001/02 R'000 | 2000/01 R'000 |
|---|--------------|------------------|------------------|
| | | – | – |
| | | – | – |

Performance information on use of assistance:
Provide performance information on use of assistance

Pending applications for assistance

| Source of assistance | Intended use | | |
|----------------------|--------------|---|---|
| | | – | – |
| | | – | – |

ANNEXURE A:
Annual Financial Statements – Government Printing Works

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT

for the year ended 31 MARCH 2002

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. SERVICES RENDERED BY THE GOVERNMENT PRINTING WORKS

The Government Printing works is tasked with the rendering of printing and related services to Government Departments, Provincial Institutions and Local Authorities. This entails the following:

1.1 Services

- 1.1.1 the provision of a printing service pertaining to high security documents and also printed matter of general nature;
- 1.1.2 the procurement and stocking of departmental forms, security documents and face-value forms;
- 1.1.3 the procurement and distribution of standard stationery items;
- 1.1.4 the compiling, editing, printing and distribution of Government Gazettes and Provincial Gazettes; and
- 1.1.5 the administration of a Publication Section to provide for the stocking of government publications and the selling thereof to Government Institutions and the public, as well as to institutions abroad.

1.2 Tariff policy

1.2.1 Printing

Job costing is done by application of the direct costing method, which allows for all material, equipment, labour and other expenditure utilised to render a particular service, to be recovered from the user department.

1.2.2 Stationery and government publications

Calculation is based on actual cost i.e. cost of purchases plus operating cost.

2. CAPACITY CONSTRAINTS

The retaining of trained personnel by the Government Printing Works has become increasingly difficult, which resulted in this institution being burdened with serious capacity constraints during the past financial year. This situation is mainly due to unfavourable remuneration in comparison to the private printing industry.

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT (continued)

for the year ended 31 March 2002

2.1 Background

The Government Printing Works employs two categories of personnel, being Administrative Personnel and Factory Personnel.

(i) Administrative personnel

Administrative Personnel assume responsibility for the Government Printing Works' procurement, financial and other support services.

(ii) Factory personnel

The group Factory Personnel represents occupational classes such as Bookbinder, Lithographer, Quarterbinder and Typesetter, whom are employed within the factory for the physical production of printed matter.

- 2.1.1 Up to 31 July 1992 the Government Printing Works had membership of the National Federation of Master Printers (NFMP) similar to private employers within the printing industry. Emanating from this membership, all remunerative and other staff-related matters pertaining to Government Printing Works personnel were not prescribed by the erstwhile Public Service Commission (PSC), but were in fact directed by the NFMP on behalf of the national printing industry.
- 2.1.2 Membership of the NFMP resulted in the Government Printing Works personnel being subject to a medical scheme, leave benefits, pension fund and salary structures in accordance with national standards for the printing industry, which vastly differed from the structures applicable to government employees.
- 2.1.3 Being able to apply standard printing industry salary scales and offer additional benefits, such as a homeowners allowance, placed the Government Printing Works in the favourable position where it could source the best available skills within the printing industry.
- 2.1.4 Unfavourable circumstances pertaining to the medical benefits enjoyed by Government Printing Works personnel under the afore-mentioned dispensation, however, compelled the Government Printing Works during 1992 to seek membership of an alternative medical scheme on behalf of its employees. As a result, the Government Printing Works lost its membership to the NFMP, which necessitated the PSC to create new occupational classes in order to absorb Government Printing Works personnel with effect from 01 August 1992.

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT (continued)

for the year ended 31 March 2002

2.2 Present situation

Falling under the jurisdiction of the PSC and later the Department of Public Service and Administration (DPSA), the position of Government Printing Works personnel since August 1992 inevitably started to deteriorate in comparison with the rest of the printing industry, as the annual salary increases granted by the printing industry constantly exceeded the salary improvements granted to Government Printing Works personnel. For purposes of illustration, a recent comparison of remuneration levels between Government Printing Works and the printing industry with regard to the occupational group Artisan, indicated an average industry standard of more than double the salary scales applicable to Government Printing Works personnel. The continuous outflow of skills from the Government Printing Works, which has materialized because of salary disparities, brought certain services provided by the institution to the verge of collapse.

2.3 Vacancies in management positions

A serious shortage of skills is presently experienced in all occupational groups, inclusive of management positions. Apart from general recruitment difficulties resulting from salary disparities as indicated in paragraph 2.2, job evaluations with regard to vacancies on the level of Assistant Director and higher, must be completed before recruitment can commence. Since the Government Printing Works does not have the capacity to perform job evaluations, an appeal for assistance was made to the Department of Public Service and Administration during 2001, however, it was met with limited success. A further appeal to the Department of Home Affairs was equally unsuccessful. This has resulted in the following scenario:

2.3.1 Government Printer

The post of Government Printer is on the level of Chief Director and the incumbent, who is also the Accounting Officer, assumes responsibility for the overall management of the institution. Since the position became vacant with effect from 01 March 1999 when the incumbent accepted a voluntary retirement package, it has not yet been filled.

2.3.2 Factory Manager

This position on the level of Deputy Director is crucial for the production activities of the Government Printing Works, as the incumbent oversees all the printing and related activities of the institution. Activities of the Factory Manager thus compliment the Deputy Government Printer (Operations) in addressing all printing issues of the Government Printing Works. Since the position became vacant during 2001, it has not yet been filled.

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT (continued)

for the year ended 31 March 2002

2.3.3 Assistant Factory Manager

The Government Printing Works has three posts of Assistant Factory Manager on the level of Assistant Director. The incumbents assume responsibility for management of the various printing divisions of the Government Printing Works and thus compliment the activities of the Factory Manager. These three posts became vacant more than two years ago and have not yet been filled.

2.3.4 Assistant Government Printer

This position on the level of Deputy Director is crucial for the administrative processes of the Government Printing Works, as the incumbent oversees the Assistant Directors: Financial Management, Human Resources Management and Provisioning Administration respectively. Activities of the Assistant Government Printer thus compliment the Deputy Government Printer (Administration) in addressing the administrative issues of the institution. The position became vacant during 2001 and has not yet been filled.

2.3.5 Assistant Director: Financial Management

The Finance Division is a key component of the Government Printing Works and having a relatively small authorised establishment, a vacuum in any supervisory post has a serious impact on the effectiveness of the Division. The incumbent of this position assumes responsibility as financial manager of the Government Printing Works, however, since it became vacant during 2001 it has not yet been filled.

2.3.6. Assistant Director: Stationery Division

The Assistant Director is the business manager of the Stationery Division where the requirements for standard stationery by Government Departments and Provincial Institutions are met, the annual turnover being in excess of R 100 million. This position has been vacant for more than two years.

2.3.7 Cost Accountant

The budgetary process of the Government Printing Works consists of two main components, being the expenditure budget and the income budget. The income budget is focused at establishing tariffs and revenue structures for each of the institution's cost centres in a manner, which will ensure that the total operational expenditure is recovered. This task is of a specialised nature and requires formally trained staff. The Government Printing Works has been operating without the services of a Cost Accountant for more than two years.

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT (continued)

for the year ended 31 March 2002

2.4. Recruitment

The Government Printing Works engaged the services of a private consultant to perform the required job evaluations pertaining to the afore-mentioned vacant posts. Approval of these evaluation reports was most recently obtained from the Department of Home Affairs and the Government Printing Works has subsequently commenced with recruitment.

3. DISCONTINUED ACTIVITIES

Following the 1994 General Election, all printing facilities of the former Independent States and Self-Governing Territories were allocated to the Government Printing Works which presented this institution with a substantial duplication of products, expensive equipment and services. In view of this untenable situation, Cabinet was approached with a recommendation that the Department of Home Affairs be authorized to re-organise and rationalize government's printing functions.

Following Cabinet's approval of this recommendation on 24 February 1996, the Department embarked on a process of rationalization, which culminated in the establishment of provincial offices for the Government Printing Works in Mmabatho, Pietersburg and Bisho whilst it was recommended that the Umtata Printing Works be closed down. This emanated from the Umtata Works' excessive operating cost, which amounted to R24 879 567 during the 2000/2001 financial year and resulted in an operational loss of R16 911 846 for the year ending on 31 March 2001.

At the time of its closure on 01 March 2001, there were two hundred and three (203) staff members at the Umtata Works and of this number, nineteen (19) have been absorbed by the Government Printing Works: Pretoria, four (4) were transferred to the Government Printing Works' provincial office at Bisho whilst one hundred and eighty (180) staff members were absorbed by various offices of the Department of Home Affairs.

The afore-mentioned operational loss was funded by the Government Printing Works: Pretoria and all office equipment, printing machines, stationery and raw materials from the Umtata Works were subsequently either utilized to equip and stock the new provincial offices, or were alternatively transferred to the Printing Works in Pretoria.

4. EVENTS AFTER THE ACCOUNTING DATE

In response to a recommendation by the Cabinet Committee for the Economic Sector that the Government Printing Works be established as a Public Enterprise, Cabinet subsequently approved of the recommendation on 20 October 2000.

GOVERNMENT PRINTING WORKS PRETORIA

MANAGEMENT REPORT (continued)

for the year ended 31 March 2002

After execution of the Cabinet resolution was delayed on various occasions, the Department of Public Enterprises initially decided that the Government Printing Works should call for tenders to source the services of a specialist consultant for implementation of the project. Response to the tender, however, was not satisfactory and thus the Department of Public Enterprises resolved to utilize government's internal resources for execution of the project. In this regard, the Department of Public Enterprises, in collaboration with National Treasury, has since commenced with the process of establishing the Government Printing Works as a Public Enterprise.

5. PROGRESS WITH FINANCIAL MANAGEMENT IMPROVEMENTS

Continuous progress is being made pertaining to improvement of the financial management of the Government Printing Works. In this regard, the following has been achieved:

- (i) Financial statements are presented to the Government Printing Works' financial committee on a monthly basis.
- (ii) An improved system of cash management, specifically accentuated at collection of outstanding operational debts has resulted in a decrease of the Paymaster-General Account (overdraft). This situation will be further improved during the next period.
- (iii) Reconciliation of suspense and control accounts is presently being done on a monthly basis.
- (iv) Stock levels were decreased from R107 million during the previous financial year, to R83 million during the 2001/2002 financial year.

6. APPROVAL

The annual financial statements set out in pages 107 to 119 have been approved by the Accounting Officer.



J.P. ENGELBRECHT
ACTING GOVERNMENT PRINTER

DATE: 26 AUGUST 2002

REPORT OF THE AUDITOR-GENERAL



TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT PRINTING WORKS TRADING ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 107 to 116, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. QUALIFICATION

3.1 Management of debtors

(a) Interest on outstanding debtors

Of the debtors totalling R185 million an amount estimated at R138 million has been outstanding for more than 120 days. The Government Printing Works did not charge interest on overdue accounts as required by Treasury Regulation 11.5.1. This resulted in the income being understated by approximately R19 million.

(b) Lack of internal control

In addition to paragraph (a) the following material internal control weaknesses were identified which may also affect the debtors' balance:

As reported in paragraph 3.1.1 of the previous audit report [RP112/2001], the Government Printing Works did not always allocate payments made by debtors into the paymaster-general account to the relevant debtors' accounts and they also did not perform monthly debtor reconciliations. Payments received were posted to a suspense account which was not cleared on a monthly basis. The balance of the debtors' suspense account at 31 March 2002 was R5 099 381. This often resulted in the Government Printing Works not being able to timeously recover debts due to them as debtors disputed invoices. The Government Printing Works then had to reissue copy invoices and statements to debtors to consider payments.

The Government Printing Works established a debt collection section by transferring some employees from the financial administration section to this section during the year under review. However, the following concerns were noted regarding this section:

- The section did not have a policy to regulate collections;
- The section was not properly organised as the debtors administration section often performed the collection function and the consultants used to assist this section were working on their own and not reporting to the head of the section; and
- Statistics on collection were not maintained.

3.2 Bank overdraft

There is an improvement in cash management compared to the previous year as reflected in the decrease in the paymaster-general account (overdraft) from R155 million in the previous year to R140 million in the current year. However, in terms of Treasury Regulation 19.2.3 trading entities may not run overdrafts on their banking accounts unless approved otherwise in writing by both the accounting officer of the department and the relevant treasury. At the date of this report, written approval for the use of this facility from neither the accounting officer nor the National Treasury could be furnished for audit purposes.

3.2 Compilation of financial statements

In terms of Treasury Regulation 18.2.1, the financial statements must conform to generally accepted accounting practice. The financial statements of the Government Printing Works do not conform to

generally accepted accounting practice and the following are examples of statements of generally accepted accounting practice that have not been complied with:

- Statement AC 108 on inventories, in that disclosure is not provided on the carrying amount of inventories carried at net realisable value, the cost of inventory that has been expensed is not disclosed and also the circumstances that led to the reversal of the write down of inventories has not been disclosed;
- Statement AC 130 on provisions, in that there is no provision for leave pay and there is also no disclosure of any contingent liabilities;
- Statement AC 101 on presentation of financial statements, in that there is no disclosure of the prescribed accounting practice that was used to compile the financial statements, no disclosure of any areas of non-compliance with the prescribed accounting practice and also no disclosure of the finance costs on the income statement; and
- Statement AC 116 on employee benefits, in that there is no disclosure on the employee benefits provided, for example, the pension fund.

4. ADVERSE AUDIT OPINION

In my opinion, because of the effect on the financial statements of the matters referred to in paragraph 3, the financial statements do not fairly present, in all material respects, the financial position of the Government Printing Works at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

5. EMPHASIS OF MATTER

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

5.1 Financial management

5.1.1 Vacant positions

The position of chief financial officer is still vacant. Management of the Government Printing Works indicated that the institution was considering privatisation of the activities of the Government Printing Works and that it would be proper to appoint a chief financial officer once the privatisation has been completed. Two key positions at the financial management section of the Government Printing Works have been vacant during the year under review, resulting in the Government Printing Works utilising former employees as consultants to perform the key functions of financial management at an estimated cost of R420 000 during the year ended 31 March 2002. The Government Printing Works has subsequent to the year-end requested the Department of Home Affairs to perform a work study at the finance division.

5.1.2 Budget process

As reported in paragraph 2.2.2 (c) of the previous year's audit report [RP112/2001], the Government Printing Works could not submit the trading account's budget or written procedures/documentation on how it compiles its budget. Subsequently no audit procedures could be performed on the 2001-2002 budget. Management has indicated that the Government Printing Works' budget is of a specialised nature and required properly trained staff in order to compile the budget. Due to the fact that the Government Printing Works does not have the necessary skilled staff to compile the budget, the budget was not prepared. However, the Government Printing Works is in the process of compiling the budget for 2002-2003.

5.2 Stock written off

Stock to the value of R9 358 000 was written off as a result of shortages, redundant stock, free issues and theft and losses during the year under review. The National Treasury was not advised of the stock written off as required by Treasury Regulation 19.6.1. Stock shortages accounted for R8 742 000 (93%) of the total write-off. These shortages were the result of, amongst others:

- Incorrect capturing of stock items on the PECAS system;
- The Pecas system not being updated with issuing and receiving of stock on the tally cards;
- Incorrect issuing of stock; and
- Paper store stocks being issued without documentation.

5.3 Internal audit section

As reported in paragraph 3.1.5 of the previous year's audit report [RP 112/2001], the internal audit section is still not functioning in terms of an internal audit charter, as its functions are limited to checking controls over stock and confidential documents. The overall scope of the internal audit did not cover the areas that are considered to be high risk activities of the Government Printing Works. The component is also involved in the operational activities of the Government Printing Works, which might impact on their independence. Based on the above-mentioned issues, no reliance could be placed on the work of the internal audit section.

5.4 Utilisation of Pecas system

During the data analysis of credit sales and the cash book at the Government Printing Works, several concerns regarding the system use and disaster recovery were noted and the following are included as examples:

- The cashbook table is set up to carry vendor payments but vendor payments are not put through the cashbook.
- Currently the "pHistory" table carries the EFT payments and EFT reversals, however the cheque payments are not recorded in this table which results in the information on payments made being incomplete on the Pecas system

- Numerous batches of reversals involving large amounts are recorded on the system which makes it difficult to identify and adequately follow up and clear the individual transaction to which the reversal relates
- Cheque payments are not processed directly in the Pecas system but are recorded separately on an electronic spreadsheet and thereafter journal entries are processed to record the cheque payments in the Pecas system
- Backup of data was not always done as the system did not have data for the first three months of the financial year, and in instances where backup was made it was not stored off-site and
- System support is not always readily available as the supplier of the system is in Cape Town.

6. APPRECIATION

The assistance rendered by the staff of the Government Printing Works during the audit is sincerely appreciated.



G R Witthöft
for Auditor-General

Pretoria
02/08/2002

GOVERNMENT PRINTING WORKS PRETORIA

BALANCE SHEET

at 31 March 2002

| ASSETS | Note | 2001/02 R'000 | 2000/01 R'000 |
|-------------------------------------|-------------|--------------------------|--------------------------|
| Non-Current assets | | 30 366 | 31 605 |
| Property, plant and equipment | 5 | 30 366 | 31 605 |
| Current assets | | 283 860 | 288 577 |
| Inventories | 7 | 86 123 | 107 177 |
| Trade and other receivables | 8 | 197 737 | 181 401 |
| Total assets | | 314 226 | 320 182 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | 131 557 | 124 228 |
| Capital fund | 3 | 99 772 | 95 256 |
| Machinery and equipment fund | 4 | 31 785 | 28 972 |
| Current liabilities | | 182 669 | 195 954 |
| Cash and cash equivalents | 10 | 140 809 | 155 257 |
| Trade and other payables | 9 | 41 860 | 40 697 |
| Total equity and liabilities | | 314 226 | 320 182 |



Government Printing Works
Pretoria, 23/07/2002

J P ENGELBRECHT
Acting Government Printer
Accounting Officer

GOVERNMENT PRINTING WORKS PRETORIA

INCOME STATEMENT

for the year ended 31 March 2002

| | Note | 2001/02 R'000 | 2000/01 R'000 |
|--|------|------------------|------------------|
| Turnover | 2 | 304 637 | 276 144 |
| Cost of Sales | | (172 658) | (152 806) |
| GROSS PROFIT | | 131 979 | 123 338 |
| Other operating Income | | 9 180 | 11 344 |
| Profit/(Loss) from sale of assets | | 336 | (43) |
| PROFIT FROM OPERATIONS | | 141 495 | 134 639 |
| Operating expenditure | | (126 821) | (89 438) |
| SURPLUS FROM OPERATIONS | | 14 674 | 45 201 |
| Transfer to Machinery and Equipment fund | | (1 573) | (22 184) |
| Transfer to Capital fund | | (5 756) | (23 000) |
| Transfer payments | | (7 330) | – |
| Trading profit | | 15 | 17 |

GOVERNMENT PRINTING WORKS PRETORIA

CASH FLOW STATEMENT

for the year ended 31 March 2002

| | | 2001/02 | 2000/01 |
|---|------|------------------|------------------|
| | Note | R'000 | R'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | 18 464 | (41 588) |
| Cash generated by operations | 6.1 | 12 583 | 50 963 |
| Cash generated to (increase) / Decrease in working capital | 6.2 | 5 881 | (92 551) |
| CASH FLOW FROM INVESTING ACTIVITIES | | (4 016) | (9 598) |
| Acquisition of property, plant & equipment | 7 | (4 416) | (9 614) |
| Proceeds on disposal of property, plant & equipment | | 400 | 16 |
| Net increase / (decrease) in cash and cash equivalents | | 14 448 | (51 186) |
| Cash and cash equivalents at beginning of period | | (155 257) | (104 071) |
| Cash and cash equivalents at end of period | 10 | (140 809) | (155 257) |

GOVERNMENT PRINTING WORKS PRETORIA

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the year ended 31 March 2002

| 2002 | Capital Fund | Machinery & Equipment fund | Total |
|--|---------------|-------------------------------|----------------|
| | R'000 | R'000 | R'000 |
| Balance at the beginning of the year 01 April 2001 | 95 256 | 28 972 | 124 228 |
| Transfer from income statement | 5 756 | 1 573 | 7 329 |
| Direct transfers | (1 239) | 1 239 | – |
| Balance at the year ended 31 March 2002 | 99 773 | 31 784 | 131 557 |

GOVERNMENT PRINTING WORKS PRETORIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2002

1. Accounting policy

Unless otherwise shown, the financial statements have been drawn up on the historical cost basis in accordance with the accounting policy as set out below, which has been consistently applied in all material respects.

1.1 Recognition of income and expenditure in general:

Income and expenditure are recognised on the accrual basis.

1.2 Disposal of profit or loss:

At the end of a financial year any trading profit is paid into Revenue and any loss recovered from the Vote.

1.3 Property, Plant and Equipment

Land and buildings, which are shown as an asset in the statements, are registered in the name of the State.

Plant and equipment are shown at historical cost less accumulated depreciation. Included in the cost are expenditures incurred to put the plant and equipment into operation. Depreciation is calculated on the straight-line method to write off the cost of each asset over its estimated useful life as follows: Plant: Equipment 8 years.

Depreciation is accounted for on the fixed instalment method at 12.5% per annum. Depreciation on items with zero value is continued by annual revaluation per item, calculated as 12.5% of historical value.

1.4 Working capital:

Working capital is financed from profits.

1.5 Stores:

Inventories are valued at the lower of cost or estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business less any costs of completion and disposal. Cost is determined on the following basis:

1.5.1 Work in progress, comprising incomplete projects, is shown at cost of printing.

1.5.2 Material stock and finished goods on hand are shown at standard costs.

1.5.3 Government Gazettes in stock are shown at an average cost price for the year.

1.5.4 Existing stock levels on materials and finished goods are being revaluated with the difference between the existing cost price and the new cost price on receipt of new stock.

1.6 Cash flow:

For the purpose of the cash flow statement, cash includes cash on hand and bank overdraft.

1.7 Comparative figures:

When necessary comparative figures have been adjusted to confirm with changes in presentation in the current year.

1.8 Debt write-off policy:

Debts are only written off after all possible steps were taken to have the amount recovered.

GOVERNMENT PRINTING WORKS PRETORIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| | | |
|--|----------------|----------------|
| 2. Turnover | 2001/02 | 2000/01 |
| | R'000 | R'000 |
| Turnover represents net invoiced sales to customers, but exclude value – added tax | | |
| Turnover comprises | | |
| Sales of goods | 304 637 | 276 144 |

| | | |
|--------------------------------|---------------|---------------|
| 3. Capital funds | | |
| Balance 1 April | 95 255 | 67 914 |
| Transfer from income statement | 5 756 | 23 000 |
| Direct transfers | (1 239) | 4 341 |
| Balance 31 March | 99 772 | 95 255 |

| | | |
|--|---------------|---------------|
| 4. Machinery and equipment fund | | |
| Balance 1 April | 28 973 | 10 624 |
| Transfer from income statement | 1 573 | 22 184 |
| Direct transfers | 1 239 | 3 835 |
| Balance 31 March | 31 785 | 28 973 |

| | | | |
|-------------------------------|----------------------------|------------------------------|-------------------|
| 5. Plant and Equipment | | | |
| 2002 | Land & Building | Plant & Equipment | Total |
| | R'000 | R'000 | R'000 |
| Beginning of year | 781 000 | 61 889 180 | 62 670 180 |
| Assets at cost | – | (31 065 698) | (31 065 698) |
| - accumulated depreciation | 781 000 | 30 823 482 | 31 604 482 |
| - net book value | | | |
| Current year movements | | | |
| - additions | – | 4 416 637 | 4 416 637 |
| - disposals | – | (657 023) | (657 023) |
| - depreciation | – | (5 574 648) | (5 574 648) |
| - disposals depreciation | – | 575 958 | 575 958 |
| Totals | 781 000 | 29 584 406 | 30 365 406 |

GOVERNMENT PRINTING WORKS PRETORIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| 5. Plant and Equipment (continued) | Land & Building | Plant & Equipment | Total |
|---|-----------------|-------------------|-------------------|
| 2001 | R'000 | R'000 | R'000 |
| Beginning of year | 781 000 | 53 592 909 | 54 373 909 |
| Assets at cost | – | (26 642 350) | (26 642 350) |
| - accumulated depreciation | 781 000 | 26 950 559 | 27 731 559 |
| - net book value | | | |
| Current year movements | | | |
| - additions | – | 9 108 289 | 9 108 289 |
| - disposals | – | (623 423) | (623 423) |
| - depreciation | – | (5 176 004) | (5 176 004) |
| - disposals depreciation | – | 564 060 | 564 060 |
| Totals | 781 000 | 30 823 482 | 31 604 482 |
| 6. Notes to the cash flow statement | | 2001/02 | 2000/01 |
| | | R'000 | R'000 |
| 6.1 Cash generated by operations | | | |
| Net Profit | | 15 | 17 |
| Adjustments for: | | | |
| Transfer to Machinery and Equipment fund | | 1 573 | 22 184 |
| Transfer to Capital fund | | 5 756 | 23 000 |
| Depreciation | | 5 575 | 5 214 |
| (Surplus)/loss on disposals | | (336) | 42 |
| Transfer from income statement | | – | 506 |
| | | 12 583 | 50 963 |
| 6.2 Cash generated to increase working capital | | | |
| Changes in working capital | | | |
| Decrease/ (Increase) in inventories | | 21 054 | (19 761) |
| (Increase) in receivables | | (16 336) | (54 939) |
| Increase/ (Decrease) in payables | | 1 163 | (17 851) |
| | | 5 881 | (92 551) |
| 7. Inventories | | | |
| Raw materials | | 27 281 | – |
| Finish goods | | 43 495 | 79 417 |
| Work in progress | | 15 347 | 27 760 |
| | | 86 123 | 107 177 |

GOVERNMENT PRINTING WORKS PRETORIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

| | | | |
|-------------|---|------------------|------------------|
| 8. | Trade and other Receivables | 2001/02 | 2000/01 |
| | | R'000 | R'000 |
| | Trade Debtors | 184 866 | 129 210 |
| | Other receivables | 12 871 | 52 191 |
| | | 197 737 | 181 401 |
| 9. | Trade and other payables | | |
| | Trade creditors | 41 718 | 34 216 |
| | Other payables | 142 | 6 481 |
| | | 41 860 | 40 697 |
| 10. | Cash and cash equivalents | | |
| | Cash at Paymaster General | (140 972) | (155 489) |
| | Outstanding deposits | 157 | 228 |
| | Debtors cash | 6 | 4 |
| | | (140 809) | (155 257) |
| 11. | Contingent liabilities | | |
| | Guarantees to various financial institutions for housing loans to personnel | 1 762 | 1 611 |
| 12. | Commitments | | |
| | Capital | 1 750 | |
| 13. | Discontinued Activities | | |
| 13.1 | List of activities discontinued | | |
| | The activities performed at Umtata, mainly printing and distribution of standard stock and stationery items to institutions of the Eastern Cape Provincial Government was discontinued at 1 March 2002. | | |
| 13.2 | Reason for discontinuance | | |
| | According to a Cabinet Resolution, it was decided to discontinue operations at the Umtata Printing Works because of high production cost, slow turnover rates of printing orders and an overstaffed establishment. | | |
| 13.3 | Effect of operations and service delivery | | |
| | The Government Printing Works Pretoria assumes responsibility for rendering printing and related services to Government Departments, Provincial Institutions and Local Authorities. The internal capacity in combination with additional capacity sourced from private contractors is sufficient to provide in all requirements and thus the discontinuance of Umtata Printing Works has no impact on operations or services rendered by the Government Printing Works. | | |

GOVERNMENT PRINTING WORKS PRETORIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued) for the year ended 31 March 2002

13.4 Financial implications:

13.4.1 At the closing of Umtata the value of the assets was R1 840 000. Some assets were transferred to other offices and the Department of Home Affairs, others were written off.

| | 2001/2002- R'000 |
|--|-----------------------------|
| Transfer to Bisho | 45 |
| Transfer to Pietersburg | 56 |
| Transfer to the Department of Home Affairs | 3 |
| Transfer to Pretoria | 1 631 |
| Assets been written off | 105 |
| | <hr/> 1 840 <hr/> |

13.4.2 The value of the stock was R6 221 000, which was transferred to Bisho and Pretoria. Stock had to be written off.

| | 2001/2002- R'000 |
|------------------------|-----------------------------|
| Transfer to Pretoria | 1 976 |
| Transfer to Bisho | 2 679 |
| Stock been written off | 1 566 |
| | <hr/> 6 221 <hr/> |

13.4.3 The outstanding debtors were R5 964 000 and were taken over by the Government Printing Works Pretoria to be collected.

13.4.4 Umtata Printing Works was not profitable because of high production cost, slow turnover and it was overstaffed. This caused that the printing services and the distribution of stationery could not generate sufficient revenue to finance operational expenditure, thus requiring subsidies of several million Rand per annum. The last subsidy of R7 330 000 was made in the 2001/2002 financial year.

GOVERNMENT PRINTING WORKS PRETORIA

DETAILED INCOME STATEMENT

for the year ended 31 March 2002

| NET INCOME | 2001/02 R'000 | 2000/01 R'000 |
|-----------------------------------|------------------|------------------|
| Income | 141 496 | 441 745 |
| Trading income | 477 295 | 428 950 |
| Sales | 304 637 | 276 144 |
| Less: Cost of sales | (172 658) | (152 806) |
| Profit/loss from sale of assets | 336 | (43) |
| Other income | 9 181 | 12 838 |
| Levies recovered | - | 1 494 |
| Stock revaluation surplus | 2 024 | 5 021 |
| Stock surplus | 7 156 | 6 323 |
| Expenditure | (126 821) | (90 931) |
| Administrative expenses | 14 325 | 12 578 |
| Audit fees | - | 484 |
| Consumable stock | 17 545 | 7 297 |
| Depreciation of fixed assets | 5 575 | 5 214 |
| Discount to booksellers | 54 | 25 |
| Levies recovered | 11 489 | - |
| Personnel expenditure | 40 741 | 31 312 |
| Professional and special services | 27 734 | 24 189 |
| Write-offs | 9 358 | 9 832 |
| Thefts and losses | 420 | /106 |
| Unserviceable stores | - | 903 |
| Stock shortages | 8 742 | 8 777 |
| Redundant stock | 152 | - |
| Free issues | 44 | 46 |
| | 14 674 | 532 675 |