



home affairs

Department:
Home Affairs
REPUBLIC OF SOUTH AFRICA

Department of Home Affairs

Annual Report

2008/09

Prepared by the Chief Directorate, Strategic and Executive Support Services
Department of Home Affairs
270 Maggs Street, Waltloo Pretoria

Department of Home Affairs, South Africa, Annual Report 2008/09

ISBN: 978-0-621-38927-2
RP: 239/2009

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Part One:

General Information

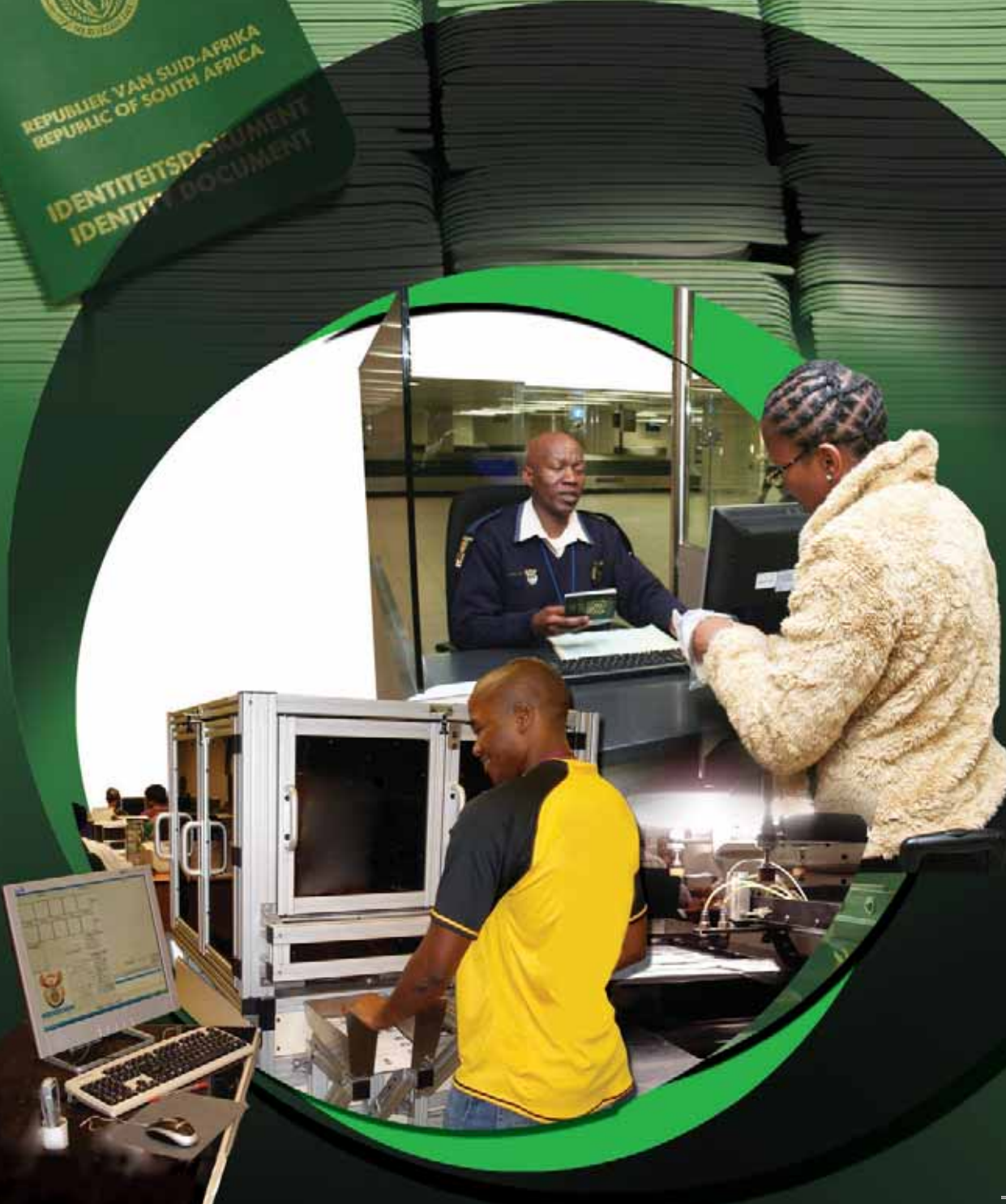
Overview of the Report

Foreword by the Director-General

Information on the Ministry

Vision, Mission and Value Statement

Legislative Mandates





home affairs

Department:
Home Affairs
REPUBLIC OF SOUTH AFRICA

The Hon Dr N C Dlamini Zuma

Minister of Home Affairs

Private Bag X114

PRETORIA

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Honourable Minister

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2009

It is my honour to submit herewith the Annual Report of the Department of Home Affairs for the financial year 1 April 2008 to 31 March 2009.

The Annual Report has been prepared as required by section 40 (1)(d) and section 55 (1)(d) of the Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

A handwritten signature in black ink, appearing to read 'Mavuso Msimang', written in a cursive style.

MAVUSO MSIMANG
DIRECTOR-GENERAL OF HOME AFFAIRS

Overview of the Report

The Annual Report 2008/09 aims to convey to the reader what the Department of Home Affairs has achieved during the financial year of 2008/09.

Drawing on the departmental Strategic Plan of 2008/09, it highlights both the achievements as well as the challenges facing the Department during the reporting period.

In order to meet the requirements set by the National Treasury, the Annual Report is structured in three main parts:

Part One gives a general overview of the Department, containing information on the Ministry, the departmental vision, mission and its value statement.

Part Two gives more insight into the various programmes of the Department, concentrating on achievements and challenges within this specific context. Detailed information on outputs, performance indicators and actual achievements is contained in tabulated format.

Part Three contains statutory information including Audit Reports, Annual Financial Statements and information concerning Human Resource Management.

PART 1	PART 11	PART 111
General Information	Programme Performance	Statutory Requirements
Introduction by Director-General	Introduction	Report of the Audit Committee
Information on the Ministry	Programme Summary	Annual Financial Statements
Vision, Mission and Value Statement	Programme 1	Human Resource Management
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Foreword by the Director-General



**MAVUSO MSIMANG
DIRECTOR-GENERAL**

The Annual Report of the Department of Home Affairs (DHA) provides an audited account of the financial year 2008/09. The main focus of the Annual Report is on performance against the Strategic Plan and the budget of the Department, while taking account of key developments and the context in which they occurred. The information presented in the Annual Report provides a clear view of the business of the Department, how it was conducted and with what outcomes. The Annual Report is submitted to Parliament so that it can carry out its oversight function effectively and provide the public with information.

The core mandate of DHA as stated in its mission is “to determine and confirm the status of persons by providing enabling documents in the interest of promoting and protecting national integrity” (2008/09 Strategic Plan). Programme Two of the budget provides civic services to citizens, such as the issuance of Identity Documents; birth, marriage and death certificates and naturalisation certificates. Programme Three supports the provision of immigration services, including permitting, regulation of movement of persons at ports of entry, determination of the status of asylum seekers and enforcement of the Immigration Act.

Programme One covers administration and support functions and Programme Four consists of funds that are disbursed to three independent bodies: i.e. the Electoral Commission (IEC), the Government Printing Works (GPW) and the Film and Publication Board (FPB).

In the previous Annual Report the most significant development reported on was the launch of the first phase of the Turnaround Programme. This consisted of strategic projects aimed at an analysis of the problems of the Department, designing solutions and initiating the transformation of several key business processes to improve service delivery. Service delivery gains included greatly improved processing of Identity Documents (IDs); establishing a new and efficient Client Service Centre; procurement of a new passport system and fast-tracking the importation of scarce skills for targeted companies. Of equal importance were the methodologies that were tested and proved. These included transferring of skills from consultants to DHA officials involved in joint project teams and the better management of targeted business processes, such as the processing of IDs and determining the status of asylum seekers. With regard to support services, a number of projects began to address the most serious shortcomings in the area of financial management.

It was not possible to address some of these deep-rooted problems in the shorter term and the result of the annual audit was unfortunately a disclaimer, the most adverse finding possible.

In the 2008/09 financial year the transformation process was carried forward in the second phase of the Turnaround Programme by implementing the solutions designed and tested in the first phase. Some phase one projects were expanded while a wide range of new projects were initiated. As in phase one, the delivery of services had to continue while transformation of the organisation was underway. The main indicator used to judge success was the reduction of turnaround times in a number of important areas, such as the processing of IDs and passports. This was achieved to a significant extent and required changes to the management and behaviour of staff at front offices as well as improving processes and systems. These changes were also designed to reduce risk in terms of the fraud currently prevalent within the Department and in society at large, much of it linked to national and transnational syndicates. Extensive counter-corruption measures and campaigns are planned for the 2009/10 financial year and will involve other government departments and civil society formations and individuals.

Large resources were allocated to addressing management and control shortcomings that contributed to the disclaimer in the 2007/08 audit. Many of the matters that could be attended to in the shorter term were dealt with systematically and resulted in a more positive audit finding for 2008/09. Solutions to the deeper and more systemic challenges were taken forward, such as improving controls related to revenue collection and asset management. These projects will be finalised in the coming months. However, in spite of capacity challenges and the limited funds available to upgrade large systems, the audit findings recognise that the DHA has made substantial progress in strengthening its financial management and controls. We are firmly on the path to achieving a clean audit.

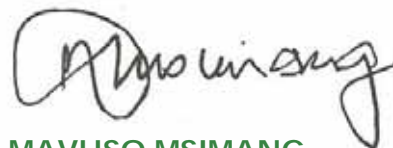
Substantial resources were mobilised through the Turnaround programme to define and to change the competencies, values and behaviour of staff. This effort is ongoing and much remains to be done in this area, all

of which will be key to improving service delivery and confronting corruption.

However, a combination of factors has held up the filling of the many vacant posts in the approved organisational structure. The migration of senior managers to the new structure has been completed, but it took longer than anticipated. With respect to other staff levels, a groundbreaking agreement with the unions was reached on the migration process and this is under way. A further concern is that National Treasury was not able to grant the additional funds requested to fill the large number of vacant posts, although some additional funds were made available for the 2010/11 financial years. Capacity challenges therefore remain a serious constraint on the pace and effectiveness of the transformation of the Department.

Replacing out-of-date information systems is a priority that will require additional funding to address the problem on the scale required. The largest risk identified by DHA concerns the security of its records and databases. In the reporting period advances were made, especially with regard to putting in place an integrated system for processing asylum seekers and the granting of refugee status. Preparations for the FIFA 2010 World Cup are on track with projects underway to upgrade the movement control and permitting systems, including the introduction of a special events visa.

DHA provides an essential service to all citizens, often at critical points in their lives. There is a growing realisation that a transformed Department can play a critical role in securing our identity, fighting corruption and contributing to inclusive nation building and development. Gains have been made through the Turnaround Programme, in large part through the efforts of those dedicated officials who daily overcome challenges and demonstrate their commitment to service delivery and transformation.



MAVUSO MSIMANG
DIRECTOR-GENERAL

Information on the Ministry



**Minister of Home Affairs
Nkosazana Dlamini Zuma**



**Deputy Minister of Home Affairs
Malusi Gigaba**

The Ministry of Home Affairs is established according to the prescripts of Chapter 3 of the Constitution of the Republic of South Africa. The Ministry has national competency on all matters that relate to identification of persons as citizens or non-citizens who reside or visit the Republic.

In the year under review, the Ministry had executive authority over the Department of Home Affairs, IEC, FPB, GPW, the Refugee Appeal Board and the Immigration Advisory Board.

The Department – the Home Affairs of 2009 – is a far healthier and more effective organisation than the one prior to the commencement of the Turnaround Programme in 2007 and the change of leadership in 2004. The intensive Turnaround strategy – launched in 2006 – has changed the Department fundamentally on every level. While many challenges remain and many valuable lessons have been learnt since the Turnaround started in 2007, the transformation efforts over the past year have resulted in huge gains and concrete improvements.

The most noticeable achievement is the radically improved turnaround times for all the key enabling documents issued by the Department e.g. the issuance of IDs in 37 days on average compared to the baseline of 180 days. The annual target was 60 days.

Transformation of the Department

Phase Two of the Turnaround Programme ran from January 2008 until the end of 2009. This phase focused on broad-based implementation of change. A number of quick-win areas were identified and immediate action taken. From the outset, the transformation of the Department was built around the requirements of customers.

Social Dialogue on Tolerance and Diversity

The Minister of Home Affairs initiated a Social Dialogue in August 2008 in the wake of acts of violence perpetrated against migrants in the earlier months, where a number of citizens and migrants were killed, and tens of thousands displaced.

These attacks undermined South Africa's commitment to domestic and international laws.

The objective was to bring together key stakeholders, faith-based organisations, the media and community representatives to reflect on the events of the past months with the intention of identifying preventative measures and developing comprehensive solutions with the participation of stakeholders.

The Social Dialogue generated a range of recommendations, and reflected a step in a broader process that included engagement with government departments, Chapter 9 institutions, migrant and refugee communities, faith communities and the media.

A "Declaration of the Social Dialogue on the Promotion of Tolerance through Diversity in South Africa" was henceforth adopted. The Minister committed staff of the Department of Home Affairs to spearhead the implementation of this declaration.

Hosting the International Refugee Law Judges

The Association of Refugee Law Judges held their 8th conference for the first time in South Africa and the Ministry of Home Affairs hosted the event. This brought a number of experts practicing in refugee law from all over the world. The Department of Home Affairs, through the Immigration Services, was fortunate to have tapped into and gained from such a wealth of knowledge and experience.

New Passport Machine

As part of the transformation process and improvement of the enabling documents, the Ministry launched the new Unomatic passport machine received by GPW. This would see to the increased production capacity and improved security of passports.

Visit to Provincial Offices

A great amount of work was conducted on a project to refurbish and re-model the front offices of the Department of Home Affairs, which will see to the improvement of service delivery and more customer-centered care and services. Executive oversight and support on the improved working conditions of these offices was thus important to give direction and boost staff morale.

A contact centre was also launched to ease the burden of calls and enquiries so that quick solutions to those who need quicker information is given rather than visitation to front offices. This has proved to be very effective gauging by the statistical volume of calls taken per day since the provision of this service.

Outreach Programmes

Service delivery is always the priority of the executing authority and during this period the rural communities were given the Ministry's fullest attention. The Ministry partnered with the Departments of Education and Correctional Services in order to further the implementation of the ID campaign to schools, especially those 16 years and older, and to also give services to those within the correctional system and its entities. The availability of mobile units has assisted to reach South African citizens and communities in far-flung places of the Republic.

Activities of the Minister

The Minister of Home Affairs undertook six international trips:

Country Visited	Date	Purpose
Swaziland	23 to 24 April 2008	Working visit to discuss Immigration issues
Spain and UK	28 April to 1 May 2008	Invitation by counterpart in Spain
Mexico	24 to 27 June 2008	Address a conference on Migration as per invitation of the Mexican Government
Japan	25 to 29 August 2008	Annual Women's Day celebrations in Tokyo
UK and US	09 to 14 December 2008	Meeting to discuss the introduction of the Visa regime
Guatemala	20 to 27 January 2009	On behalf of Foreign Affairs Minister N Dlamini Zuma, attend the 2 nd Non-Aligned Movement on Gender Conference

Activities of the Deputy Minister

The Deputy Minister continued with outreach programmes which started in the 2007/08 financial year, aimed at targeting the most vulnerable groups in society. The main purpose was to ensure that these groups have easy access to Home Affairs services. The Deputy Minister also visited a number of communities in rural areas and informal settlements, e.g. Mombeni which is located in the northern part of KwaZulu-Natal and Diepsloot, a sprawling settlement located within the Joburg Metro, Gauteng.

In response to incidents of natural disasters in some parts of the country which led to the loss of property, human lives and important enabling documents, the Deputy Minister embarked on a programme to visit affected areas in the Western Cape and KwaZulu-Natal in order to assess the extent of the loss suffered by the communities concerned, and in particular, the loss of enabling documents.

The Deputy Minister attended and addressed the Youth Summit as part of an initiative to interact with the youth of the Department. The aim was to solicit their concerns and views on the Department.

The Deputy Minister also participated in the ID URSELF NOW! Campaign whose objective was to ensure that learners have access to Home Affairs services. A number of schools throughout the country were visited and as a consequence a number of learners were able to apply for enabling documents.

The following institutions are delegated to the Deputy Minister by Minister:

- Film and Publication Board
- Government Printing Works

The Deputy Minister of Home Affairs undertook one international trip:

Country Visited	Date	Purpose
Switzerland	4 to 11 October 2008	Attended the 59 th Session of UN High Commission of Refugees Executive Committee

Legislation

(a) The following Amendment Bill was dealt with by the Portfolio Committee on Home Affairs and the Select Committee on Social Services of the National Council of Provinces during the reporting year:

Films and Publications Amendment Bill, 2006 (B27B—2006)

The main objective of the Amendment Bill is to amend the Films and Publications Act, 1996 (Act No. 65 of 1996) so as to insert, amend and delete certain definitions; establish and provide for the functions and powers of a Council; provide for the appointment and powers of compliance officers; provide for the composition, functions, powers and management of the Board and to repeal the Schedules to the Act.

The Amendment Bill seeks to ensure that all publications, films and games that are distributed in the Republic, regardless of the medium or format of such distribution, would be subject to the same principles and guidelines to serve the core objective of protecting children from exposure to disturbing and harmful materials in publications, films, games, mobile cellular telephones and on the internet.

The Amendment Bill further seeks to provide for the appointment of compliance officers to monitor compliance with the provisions of the Act. The Amendment Bill empowers compliance officers to instruct that films, games and publications being offered for sale or hire that do not comply either with the requirements of this Act or any decision of the Board with regard to the distribution of that film, game or publication, be removed from any display or offer for sale or hire until that film, game or publication com-

plies with the requirements of this Act or any decision of the Board with regard to its distribution.

The Amendment Bill was adopted by the National Assembly during 2008 and forwarded to the President for assent and signature.

However the Bill was resent to Parliament for reconsideration of certain clauses by the House. The Bill was subsequently reconsidered by Parliament and forwarded to the President to assent to and sign relevant provisions of the Bill.

(b) The following piece of legislation was introduced and subsequently passed by Parliament during the reporting year:

Refugees Amendment Act, 2008 (Act No. 33 of 2008)

The main objective of the Amendment Act is to substitute certain definitions; provide for the alignment of certain wording of the Refugees Act, 1998 (Act No. 130 of 1998) with the wording in the 1969 Organisation of African Unity Convention Governing the Specific Aspects of the Refugee Problems in Africa and the 1951 United Nations Convention Relating to the Status of Refugees; provide for the delegation of powers of the Director-General; provide for certain matters with regard to the establishment of Refugee Reception Offices by the Director-General, provide for the establishment, composition, functions and powers of the Refugee Appeals Authority; provide for the appointment, period of office, removal from office, filling of vacancies and remuneration of members of the Refugee Appeals Authority; provide for administrative staff of the Refugee Appeals Authority; provide for clarification and revision of procedures relating to the determination of refugee status; provide for obligations and rights of asylum seekers;

repeal certain sections; effect certain technical corrections and to provide for related refugee matters.

The Amendment Act seeks to align the Refugees Act with the departmental and governmental policies on refugee matters. The Amendment Act further provides that a Refugee Reception Office will consist of at least one Refugee Status Determination Officer who will deal with the determination of applications for asylum, as well as the number of officers the Director-General may appoint to perform administrative functions connected with the refugee status determination process.

The Amendment Act also seeks to dissolve the existing Standing Committee for Refugee Affairs and Refugee Appeal Board established in terms of the Act and to establish a body that shall be known as the Refugee Appeals Authority. The Amendment Act further provides for the accountability of the newly-established Refugee Appeals Authority for this body to be able to prepare a report on all its activities and financial position at the end of each financial year. The Annual Report would be submitted to the Minister for tabling in Parliament.

VISION STATEMENT

The vision of the Department of Home Affairs is:

To build a Department that provides modern, efficient, cost-effective services that are responsive to the needs of South African citizens, residents and visitors to our country.

MISSION STATEMENT

The mission of the Department of Home Affairs is:

To assure the status of persons and manage migration according to the letter and spirit of the Constitution pursuant to national development goals and fulfilment of international conventions to which South Africa has acceded.

VALUE STATEMENT

In the spirit of Batho Pele, we shall be guided by the following principles:

- *Ethical Conduct*
- *Accountability*
- *Transparency*
- *Flexibility*
- *Professionalism*

Legislative Mandates

The mandates of the Department of Home Affairs are embedded in legislation, as well as other policy documents. In order to fulfil its mission, the Department executes or participates in the execution of the following mandates:

• Civic Services

Births, Marriages and Deaths:

Births and Deaths Registration Act, 1992 (Act No. 51 of 1992);
Regulations made under the Births and Deaths Registration Act;
Marriage Act, 1961 (Act No. 25 of 1961);
Regulations made under the Marriage Act, 1961;
Recognition of Customary Marriages Act, 1998 (Act No. 120 of 1998);
Civil Union Act, 2006 (Act No. 17 of 2006); and
Regulations made under the Civil Union Act, 2006

Identity Documents and Identification:

Identification Act, 1997 (Act No. 68 of 1997);
Regulations made under the Identification Act, 1997; and
Alteration of Sex Description and Sex Status Act, 2003 (Act No. 49 of 2003)

Citizenship:

South African Citizenship Act, 1995 (Act No. 88 of 1995); and
Regulations made under the South African Citizenship Act, 1995

Travel Documents and Passports:

South African Passports and Travel Documents Act, 1994 (Act No. 4 of 1994); and
Regulations made under the South African Passports and Travel Documents Act, 1994

• Immigration

Immigration Act, 2002 (Act No. 13 of 2002);
Regulations made under the Immigration Act, 2002;
Refugees Act, 1998 (Act No. 130 of 1998);
Regulations made under the Refugees Act, 1998;
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 Government of the Republic of South Africa and United Nations High Commissioners for Refugees (UNHCR), 6 September 1993;
The 1991 United Nations Convention Relating to the Status of Refugees;
The 1967 Protocol on Specific Aspects of Refugees Protection;

The Organisation for African Unity Convention Governing Specific Aspects of Refugee Problems in Africa, 1996; and The UNHCR Handbook on criteria and procedures for the determination of Refugee Status, 1997.

• Other Mandates

Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
 Regulations made under the Promotion of Access to Information Act, 2000;
 Public Holidays Act, 1994 (Act No. 36 of 1994);
 Imprint Act, 1993 (Act No. 43 of 1993);
 Films and Publications Act, 1996 (Act No. 65 of 1996);
 Regulations made under the Films and Publications Act, 1996;
 Constitution of the Republic of South Africa, 1996;
 Public Service Act, 1994 (Proclamation No. 103 of 1994);
 Regulations made under the Public Service Act, 1994;
 Labour Relations Act, 1995 (Act No. 6 of 1995);
 Regulations made under the Labour Relations Act, 1995;
 Public Finance Management Act, 1999 (Act No. 1 of 1999);
 Treasury Regulations made under the PFMA;
 Intergovernmental Relations Framework Act, 2005 (Act No. 15 of 2005);
 Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000);
 Regulations made under the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000
 Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); and
 Regulations made under the Preferential Procurement Policy Framework Act, 2000.

The following institutions are attached to the Department:

- Film and Publication Board (FPB);
- Electoral Commission (IEC); and
- Government Printing Works (GPW).

• Film and Publication Board

The Board was established in terms of section 3 of the Films and Publications Act, 1996 (Act No. 65 of 1996).

The functions of the Board include the following:

- To regulate the creation, production, possession and distribution of certain publications and certain films by means of classification, the imposition of age restriction and the giving of consumer advice.
- Performing the functions assigned to it by the Act.

The Chief Executive Officer is the accounting officer of the Board in terms of section 13 of the Act.

• Electoral Commission

The Commission was established in terms of section 3 of the Electoral Commission Act, 1996 (Act No. 51 of 1996).

The functions of the Commission include the following:

- To manage any election.
- To ensure that election are free and fair.
- Performing the functions assigned to it by the Act.

The Chief Electoral Officer is the accounting officer of the Commission in terms of section 12 of the Act.

• Government Printing Works

Founded in 1888, the Government Printing Works (GPW) was established to render security printing and related services to the Government of South Africa. During 1976 the GPW was established as a Trade Account by the erstwhile Department of Finance.

The functions of the GPW include the following:

- Compiling, editing, printing and distribution of Government Gazettes and Provincial Gazettes.
- The procurement and stocking of departmental forms and face value forms.
- The provision of a printing service pertaining to high security documents and also printed matter of a general nature.
- The administration of the Publications Section to provide for the stocking of government publications and the selling thereof to government institutions and the general public, as well as institutions abroad.

The Chief Executive Officer of GPW is the accounting officer in terms of section 36(3) of the PFMA of 1999 for the 2008/09 financial year.



Part Two:

Programme Performance

Introduction

Programme Summary

Programme One:
Administration

Programme Two:
Services to Citizens

Programme Three:
Immigration Services

Programme Four:
Transfers to Agencies



Programme Performance

INTRODUCTION

Voted Funds

Appropriation	Main Appropriation (R'000)	Adjusted Appropriation (R'000)	Actual Amount Spent (R'000)	Over/Under Expenditure (R'000)
	4 505 0199	4 816 608	4 666 560	150 048
Responsible Minister	Minister of Home Affairs			
Administering Department	Department of Home Affairs			
Accounting Officer	Director-General			

Aim

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

Key Measurable Objectives, Programmes and Achievements

Programmes

The departmental budget is structured into four programmes:

- Programme 1 : Administration
- Programme 2 : Services to Citizens
- Programme 3 : Immigration Services
- Programme 4 : Transfers to Agencies

PROGRAMME 1: ADMINISTRATION

Purpose: Provide for the overall management of the Department and centralised support services.

The programme consists of nine sub-programmes, namely Minister, Deputy Minister, Management, Corporate Services, Financial Services, Information

Services, Transversal IT Projects, Government Motor Transport and Property Management.

The sub-programme Management includes:

Strategic and Executive Support Services (SESS)

aims to provide a professional, evaluative, planning and coordinative 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 policy requirements.

Communication Services is responsible for the management of communication within the Department. It is responsible for media liaison, corporate communications, internal communication and media production.

Counter Corruption and Security aims to ensure efficient counter corruption measures and the management of security in the Department.

Internal Audit provides an audit assurance and consulting service to the Department.

Governance Relations manages the international affairs, intra-governmental relations and co-ordination of foreign offices.

The sub-programme **Corporate Services** includes Human Resources, Information Services, Legal Services, Labour Relations and Finance and Supply Chain Management.

Human Resources provides human resource services to the total personnel corps at all levels of the Department. The service includes human resources development, human resources management, employee wellness as well as employee relations services.

Legal Services provides legal services to the Department, including the rendering of legal opinions, drafting and amending legislation and dealing with litigation and contracts.

Labour Relations is responsible to ensure that sound labour relations are practiced in the Department through the investigation of all labour-related cases; administering of all collective employee related matters with the Department's recognised trade unions; administering of all individual employee disputes and the administering of all misconduct cases.

The sub-programme **Financial Services** is responsible for the management of integrated financial services and ensuring that the Department has a sound supply chain management system.

The sub-programme **Information Services** 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.

The sub-programme **Transversal IT Projects** provides for major cross-cutting IT projects and systems.

The sub-programme **Government Motor Transport** funds the purchase of vehicles for departmental use, as well as allocations under the subsidised motor transport scheme.

The sub-programme **Property Management** manages the properties occupied by the Department.

SERVICE DELIVERY ACHIEVEMENTS

Communication Services

- Various awareness campaigns and community outreach initiatives successfully conducted, e.g. 2010 FIFA World Cup, South African Passport ushered in successfully, Check Your Status campaign and ID collection
- Draft content and design of the new DHA website completed that will enhance improved access to information for the public.

Governance Relations

- Briefings made to all Forum of SA Directors-General (FOSAD) Clusters and Cabinet on progress made on the implementation of the DHA Turn-around Project
- Bi-monthly reports submitted to FOSAD Clusters
- All scheduled bi-lateral meetings were held except with the following countries: Pakistan, Kenya and China.

Human Resources (Corporate Services)

- DHA structure finalised and adopted
- Job profiling and evaluations for SMS members finalised which is a critical enabler in the migration process and recruitment
- 4 340 training interventions attended to of which 277 relate to Immigration Officers undergoing the 2010 Immigration training in preparation for the FIFA Confederations Cup 2009, 2010 FIFA World Cup and beyond
- 89 % of total disputes successfully dealt with in favour of DHA. A 54,76 % grievance reduction achieved
- Relationship between organised labour and the Department strengthened. High profile agreements on Turnaround were concluded between unions and the Department

- Guidelines on implementation of all priority policies have been developed that will ensure improved governance and compliance
- Integrated Human Resource Development (HRD) strategy approved and submitted to Department of Public Service and Administration (DPSA) in compliance with its requirements to enhance skills and competencies in the Department
- SA National Academy of Intelligence (SANAI) Formative Training Programme was successfully completed that will lead to the professionalisation of the immigration cadre and improved immigration service
- DHA Learning Centre operating model has been redefined, the costing model completed and the processes and activities mapped out. The establishment of the Learning Centre will ensure mainstreaming of training interventions and provision of accredited Home Affairs qualifications
- Bursary Management Audit conducted, which resulted in more than R3,6 million being recovered from employees
- In terms of the Departmental Bargaining Council, nine Provincial Consultative Forums and Turnaround Consultation Forum structures established and functional. This will lead to improved stakeholder relations resulting from functional Employee Relations (ER) structures which enhances labour stability and enable business of DHA to continue uninterrupted.
- Deployed anti-virus servers for Home Affairs National Identification System (HANIS) and Waltloo and anti-virus on PC level
- Stabilised the Biometric Access Control Management (BACM) system
- Repaired and installed 33 firewalls across the country leading to an improvement in secured and protected systems and infrastructure
- Forty five Regional IT managers and interns appointed and inducted
- Implemented Special Dispensation Centre National Immigration Information Systems (NIIS) at Tshwane Interim Refugee Reception Office (TIRRO)
- Implemented the Short Message Services (SMS) functionality for unabridged certificate system to inform applicants of collection information. Over 8 000 notifications sent
- Track and Trace functionality for Late Registration of Births. Over 6 000 SMS notifications sent
- Death Status Queries system implemented. Over 40 000 queries received since inception for Dead/Alive status via SMS verification, leading to a reduction in corruption and enhanced communication with clients.

Information Services (IS)

- e-directory stabilisation completed that will minimize unauthorised access to DHA systems
- Refugee and Deportation System (RAD) implemented and connected at all identified sites that will result in fraud minimisation
- 100 % Online Verification System rolled out to offices identified by business ensuring faster, reliable and more effective customer services.
- Eleven sites added to VPN resulting in faster, stable, reliable and managed network customised to the Department's specific requirements
- Ministry and DG File plan implemented through end-user training

Strategic and Executive Support Services (SESS)

- Quality conceptualisation and design of the new Policy and Strategic Planning unit conducted
- Substantial gains in the relative quality of planning and reporting, especially the alignment of projects to the strategic priorities of the DHA
- Chief Directorate contributed significantly to Turnaround Programme - to ensure consistent alignment between the Turnaround and departmental activities
- Contributed to development of macro policy and work on migration policy
- Strategic support provided at various levels to help stabilise the DHA and manage risks.

Finance and Supply Chain Management (Fin & SCM)

- Disposal and Expenditure Review Committees established and functional
- Thirty three offices refurbished
- 100 % of targeted staff trained at Head Office and in Provinces
- Established revenue support team to address non-compliance
- 96,90 % of allocated budget spent (2008/09)
- Asset Register completed
- Sign-off of pilot for Integrated Receipt Engine (IRE) for improvement of financial management at Randburg and Harrison Street, Johannesburg offices.

Legal Services

- 100 % legal support provided to line function on Memoranda of Understanding (MOU's) and international agreements
- 2007/08 legislative programme implemented
- Priority legislation for 2008/09 legislative programme determined, proposed Legislative Programme (2008/09) drafted and submitted to Minister for approval
- Significant improvement in success rate regarding finalisation of litigation cases.

Counter Corruption and Security (CCS)

- Sixty two offices evaluated with regard to corruption related risks. Target was 60
- Pre-employment screenings and 13 service providers screened to enhance the integrity of DHA employees and service providers
- Eighty offices monitored for compliance with Minimum Information Security Standards (MISS)
- Vetting policy developed
- Capacity enhanced through appointment of key staff (e.g. Vetting Officers, three Prevention Officers, 15 Control Security Officers, four Investigating Officers, one Analyst and three Senior Security Administrative Officers appointed).

Internal Audit (Audit Services)

- Chief Audit Executive was appointed
- Audit Services structure revised and approved
- Annual Internal Audit plan was approved by the Audit Committee
- Audit Committee Charter and the Internal Audit Charter were approved by Audit Committee
- Compliance with Continuing Professional Development (training) hours was achieved
- Quarterly reporting to Audit Committee presented
- Working relationship with external auditors (Auditor-General) strengthened
- Compliance with Treasury Regulations in terms of number of Audit Committee meetings for the year was achieved
- Comprehensive Internal Audit procedure manual approved
- Agreed Management Action and Risk Acceptance Policies approved by departmental EXCO and Audit Committee
- The draft risk management strategy was presented to senior management
- Post of Director: Risk Management was advertised, interviewed and offer extended
- Branch Risk Representatives were appointed. On the job training on risk management was provided to risk representatives
- Risk Register 2008/09 was updated.

PROGRAMME 2: SERVICES TO CITIZENS

Purpose: Deliver core functions by granting rights and citizenship to eligible members of the population. There are six sub-programmes:

- **Management**
- **Status Services** regulates all matters relating to the population register (maintaining a register of citizens and immigrants who have acquired the right to permanent residence, as well as registers of births, deaths and marriages), and travel documents and citizenship (issuing passports and other travel documents, providing financial

assistance to citizens abroad, and determining and granting citizenship).

- **Identification** oversees issues relating to identity such as fingerprints, photographs and Identity Documents.
- **HANIS** includes projects to develop, establish and maintain national identity systems.
- **Customer Service Centre** is a multi-channel service through which external and internal customer enquiries are resolved.
- **Provincial Civic Services** provides for the delivery of civic services in the provinces and the necessary support functions.

- Citizenship certificates: from six months in 2007/08 to one month by the end of 2010/11
- First issue of an Identity Document: from 127 days in 2007/08 to 30 days by the end of 2010/11
- Second issue of Identity Documents: from 98 days in 2007/08 to 20 days by the end of 2010/11
- Temporary Identity Certificates (TICs) from seven days to one day by the end of 2008/09
- Abridged Birth, Marriage and Death certificates: to maintain same day issue.

Measurable Objectives

- Improve the granting of specified rights and citizenship to eligible people by reducing the time taken to issue valid documents:
 - Unabridged birth, marriage and death certificates: from between six and eight weeks in 2007/08 to same day by 2010/11
 - Passports and travel documents: from 41 days in 2007/08 to five days by the end of 2010/11
 - All temporary passports and emergency travel certificates: to one day by the end of 2008/09
- Improve the quality and consistency of services delivered to the public by implementing basic standard operating procedures and service standards at all service points and monitoring compliance with turnaround times through the Track and Trace system, surveys, and statistical data or information
- Expand the capacity of the customer service centre to handle approximately 162 000 calls per month in 2008/09 to approximately 510 000 calls per month by the end of 2010/11 by increasing the first line and second line capacity of the customer service centre.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Performance Indicator	Target
Number of days to issue unabridged birth, marriage and death certificates	1
Number of birth, death and marriage registrations	2,144 575
Number of days taken to issue all passports and travel documents	10
Number of passports and travel documents issued	1,026 936
Number of days to issue an Identity Document (first issue)	60
Number of days to issue an Identity Document (second issue)	56
Number of Identity Documents issued	3,972 000

Total number of citizenship certificates (naturalisation) issued	32 627
Number of calls handled by the customer service centre per month	162 121
Number of civic service points (by type) :	681
Regional Offices	43
District Offices	140
Permanent Service Points	106
Thusong Service Centres	110
Temporary Service Points	70
Mobile Units	117
Hospitals	70
4x4 Service Points	25

SERVICE DELIVERY ACHIEVEMENTS

ID Turnaround Time

Through the implementation of operations management, process reviews and ID Track and Trace, the Department succeeded to reduce the turnaround time for the issuance of Identity Documents from 127 days on average to 40 days during the period under review.

Online Fingerprint Verification

Online Fingerprint Verification was introduced at 217 offices during the review period. This technology enables front office personnel to verify the identity of clients on application and reduces the need to forward the applications to the Central ID production facility in Tshwane for manual fingerprint verification. The result is that temporary identity certificates can now be issued on the spot and emergency and temporary passports can be issued within a maximum of two working days.

Late Registration of Births

Historically, the Late Registration of Births process was abused by foreign nationals to obtain legal status as South African citizens. In order to reduce the occurrence of fraudulent late registrations, the Department implemented a new process that requires, among other things:

- (a) Supporting documents submitted in support of applications are thoroughly screened at provincial level
- (b) All applicants and informants must be interviewed by a regional screening committee to determine if their claim to SA citizenship is authentic
- (c) The ten fingerprints of applicants are searched against records on the database of the Automated Fingerprint Identification System (AFIS) to determine if previous records exist (these records may be in the form of previous ID records or details of previous deportation).

The new late registration process is now detached from the ID issuing process. Hence, once registered applicants are issued with a birth certificate and the applicant should then apply for the first issue of an ID.

During the review period, amendments to the regulations in terms of the Births and Deaths Registration Act, 1992 were approved by the Minister of Home Affairs. This allowed the Department to implement the revised procedure. The new process will be reviewed during 2009/10 in order to determine the effectiveness thereof and implement any changes that may be deemed necessary to tighten fraudulent transactions in this regard.

Office Refurbishments

During the review period, the Department approved plans to refurbish 33 offices. The rationale of the refurbishment project was to create an entirely new "look and feel" in our public areas, thereby improving customer experience. A total of 33 offices were successfully refurbished in line with the new corporate profile.

Centres of Excellence

The Department also designed and approved six different concept model offices. These concept offices have similar intentions as the refurbishment project. The difference between the two projects is that the refurbishment projects concentrate on public areas in offices and the Centre of Excellence project concentrates on all aspects of the DHA office, including among other things, public areas and back office accommodation at local offices. These designs will be implemented under the Centre of Excellence project during 2009/10.

CHALLENGES

Records Management

One of the foremost problems that the Department has continuously encountered during the review period is the lack of a properly functioning Electronic

Document Management System (EDMS) to assist with records management. The larger the number of records, the more labour intensive and difficult it is to properly manage the archiving thereof. The Department engaged in a manual sorting and indexing programme during 2007/08 and was forced to continue with this programme during 2008/09.

The importance of continuing with this programme until such a time that the EDMS is fully functional with record digitisation and storage ability lies in the fact that the Department relies on original birth, marriage and death registers to finalise applications for unabridged certificates as well as amendments and rectifications of personal particulars. The upgrading of the existing dysfunctional EDMS was included as a strategic objective for 2009/10.

PROGRAMME 3: IMMIGRATION SERVICES

Purpose: Control immigration taking into account South Africa's skills needs and manage refugees and asylum seekers in South Africa.

There are five sub-programmes:

- **Management**
- **Admissions** controls visas, the admission of travellers at ports of entry and the processing of applications for permanent and temporary residence permits, as well as work, study and other temporary permits
- **Immigration Control** deals with immigration matters in foreign countries; detects, detains and departs illegal immigrants in terms of the Immigration Act (2002); and provides policy directives on immigration matters
- **Provincial Immigration Control** provides for the delivery of immigration services in the provinces and the necessary support functions
- **Refugee Affairs** considers and processes refugee asylum cases in terms of the Refugees Act (1998).

Measurable Objectives

- Improve control of the immigration of various categories of foreigners into and out of the country by reducing the time taken specifically on the following:
 - Issue visas: from ten days in 2007/08 to three days by the end of 2010/11
 - Issue section 22 asylum permits: from five days to one issue by the end of 2010/11
 - Issue refugee status determinations: from 12 months to one month by the end of 2010/11
 - Issue temporary residence permits: from 24 weeks to four weeks by 2010/11
 - Issue permanent residence permits: from 18 months to four months in 2010/11
 - Issue refugee Identity Documents: from six months to three months by the end of 2008/09.
- Maintain clearance times of 1.5 to 2 minutes per traveller for the movement of travellers (South African citizens and foreigners) through land and air border posts.
- Increase the percentage of detained illegal foreigners successfully deported within 30 days from date of arrest or 90 days from date of court warrant from 90 per cent to 95 per cent by the end 2009/10 through more effective management of the Lindela holding facility and increasing deportations directly from provinces.
- Improve the asylum management process for political refugees, specifically by:
 - developing five fully functional refugee reception centres of excellence: in Johannesburg in 2008/09, Cape Town and Durban by 2009/10, and Port Elizabeth and Marabastad (Pretoria) by 2010/11
 - completely eliminating the backlog of 68 585 outstanding asylum applications not yet processed, by the end of 2008/09
- Improve immigration services by monitoring compliance with basic standard operating procedures at all national immigration service points through statistical analyses of information reported in managers' monthly reports.
- Process travel documents for the additional influx of visitors for the 2010 FIFA World Cup and improve movement control systems by increasing the number of permanent immigration officers from 814 to 1 668 and introducing online real time and biometric systems by the end of 2010/11.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Performance Indicator	Target
Number of days to issue section 22 asylum permits	1
Number of months to issue refugee status determination	1
Number of days to issue refugee ID documents	90
Total number of permanent and temporary residence permits issued	117 436
Total number of arrivals and departures cleared	28,130 829
Clearance time for entry and exit of travellers (in minutes)	1.5
Number of illegal foreigners deported	280 837
Number of illegal immigrants detained for longer than the specified period of 30 days	21 063 (7.5%)

RECENT OUTPUTS

Visas and Permits

During 2008/09 a total number of 616 435 visas were issued. Since the inception of the Large Account Unit (LAU) in July 2007, the servicing of corporate clients has grown exponentially and during the reporting period, an additional 10 clients have been added to the LAU, bringing the total to 52 corporate clients. It is envisaged that this will grow by an additional 20 in the forthcoming year.

Other noteworthy developments within the Permitting chief directorate are the sustained adherence to turnaround timeframes with the management of Temporary Residence Permits and Permanent Residence Permits, while also eliminating the accrued backlog. On average, it now takes seven months to issue a permit for Permanent Residence. In enhancing the drive to recruit scarce resources and promote the placement of highly-sought after skills, a total of 2 393 Quota Permits were issued over the last year, exceeding the target by 393 permits.

Achievements

- Permitting successfully delivered on all eight targets allocated for 2008/09, namely: growth of the Large Account Unit, baseline customer satisfaction index, temporary residence permits issued within required timeframes, permanent residence permits issued within required timeframes, visas issued within required timeframes, servicing of corporate clients within required timeframes, business permits issued within required timeframes and prescribed number of Quota Permits issued
- Single-day processing capability instituted at each of the six national Refugee Reception Offices for the issuance of Section 22 and Section 24 Permits
- Finalisation and approval of the Law Enforcement Strategy
- Roll out of Inspectorate-standardised processes. Training on standardised processes has been delivered to all Inspectorate staff. The roll-out proc-

ess is supported by continuous reviews to ensure compliance and where necessary, adaptation of the management process

- Special projects implemented addressing xenophobic incidents and management of displaced persons.

Challenges

- Staff shortages and the inability to fill posts due to the restructuring process and inability to appoint officials in acting posts hampers service delivery
- Lack of efficient Information Services (IS) systems
- Xenophobic violence
- No fingerprint recognition from Refugee and Deportation (RAD) system. Clients can reapply in same office under different names or be captured in other centres
- RAD system rolled out, but not functioning fully (e.g. reports, decision letter, country of origin information, etc)
- Significant backlogs at Refugee Appeal Board (RAB) and Standing Committee on Refugee Affairs (SCRA) resulted in cases not being finalised and clients returning repeatedly to centres for extensions
- Lack of DHA interpreters impacts negatively on production. Reliance on volunteer interpreters also breeds fraudulent activities.

2010 FIFA World Cup

The improvement of operational efficiencies at key ports of entry is critical for the hosting of a successful FIFA Confederations Cup 2009 and the 2010 FIFA World Cup.

Despite adherence to the target of 1.5 - 2 minutes processing time per traveller at OR Tambo, Cape Town and Durban International Airports, a specific project was launched at OR Tambo International Airport during the third and fourth quarters for purposes of assessing overall enhancements. Proposals for amendments to the current operational practise were approved during March 2008 and included a

new shift roster system and other structural adjustments to operations management. The intention is to further roll out these improvements to other air, sea and land ports of entry in preparation for 2010.

Refugee Affairs

The achievement of single day processing of asylum seeker applicants at Refugee Status Determination Offices across the country has been sustained since October 2008, and statistically all six offices now function at optimal peak levels. The challenge that remains is the ever-increasing length of queues and demands for processing by those awaiting services outside these centres.

Approximately 55 % of all applications arose from Zimbabwean nationals. It is therefore necessary for the Department to implement measures that will distinguish between Zimbabweans and other nationalities to enhance the efficiency of the centres. To this end, the National Immigration Branch (NIB) has made a proposal to the Minister of Home Affairs for the implementation of a Special Dispensation Permit (SDP) for Zimbabwean nationals. A decisive measure towards operational implementation has been achieved with the establishment of an Interim Refugee Reception Office at the Tshwane Events Centre, now providing Section 22 Permits to SADC nationals, but with the capacity to be switched-over to a SDP process in a short period of time. A remaining challenge within Refugee Affairs is to address the backlog that has accrued with the issuing of Refugee Identity Cards and to conclude the Service Level Agreement (SLA) with the Refugee Appeals Board.

Foreign Offices

The target of opening ten additional missions could not be achieved as an agreement between DHA and the Department of Foreign Affairs (DFA) on an MOU, countries of representation and the placement of key officials, remains unresolved. The need to finalise the placement of Airline Liaison Officers (ALOs) at eight strategic hubs in preparation for the

2010 FIFA World Cup and beyond is also critical. Although progress has been made with the identification of the hubs and finalising cooperation with the host countries for such placement, NIB has experienced a delay with the suitable identification of such officials within the targeted timeframe ending 31 March 2009. The security cluster is being consulted to coordinate a way forward.

Inspectorate

The approval of the Law Enforcement Strategy provides a foundation for the implementation of a uniform and standardised policy within this business unit. Underpinning implementation, a new middle management cadre of 30 Deputy Directors were appointed on 1 February 2009. An induction workshop was hosted to introduce this management cadre to their new responsibilities, emphasising the expectation of overall improvements, operational efficiencies and measurable outcomes in the delivery of this strategy.

As an integrated approach towards improved levels of management, the Inspectorate has also finalised the appointment of a centrally based Analysis Unit comprising of eight officials. The Analysis Unit has also driven the implementation of an integrated management reporting system providing weekly and monthly overviews of how business is performing in relation to its defined targets. This reporting system is also being used to assist with the development of a case management system. The new system is targeted for implementation in the second quarter of 2009/10.

The changes to the Inspectorate structure represent the greatest gain. The appointment of Deputy Directors provided the basis for dividing the zones into inspectorate areas, while still retaining a coordinated reporting line to the Zonal Manager. Such an amendment also accommodated the additional placement of inspectorate officials at identified ports of entry (PoE) and refugee centres so as to enforce compliance with the Immigration Act.

PROGRAMME 4: TRANSFERS TO AGENCIES

Purpose: Provide financial support to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

- Film and Publication Board regulates the classification of films, interactive computer games and publications
- Government Printing Works provides printing and publishing services to government
- Electoral Commission (IEC) facilitates the delivery of national, provincial and local elections and referendums.

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2008/09

The mandate of the Department of Home Affairs is to determine the status of persons and issue documents that make it possible for such persons to realise their rights and access services in both the public and private domains. The Department is also responsible for regulating migration through its permitting regime, at ports of entry and at foreign missions. The DHA plays an important part in enabling economic development, including through the importation of scarce skills and facilitating tourism. Through both civic and immigration functions the DHA has a significant impact on national security and development.

A list of key services rendered to the public includes:

- Issuance of abridged and unabridged birth, marriage and death (BMD) certificates
- Issuance of South African identity and travel documents
- Issuance of citizenship certificates
- Issuance of visas, temporary and permanent residence permits
- Issuance of corporate, general and intra-company transfer permits to selected corporate clients
- Issuance of business permits to investors
- Refugee status determination and granting of asylum
- Issuance of section 22 asylum permits and refugee identity and travel documents

In the 2008/09 financial year the main vehicle for the transformation of the DHA was phase 2 of the turnaround. The focus of phase 2 was on broad-based implementation of change. Phase 2 comprised of more than 55 dedicated projects, clustered into seven work streams.

The Department started to realise the benefits of the implementation of the various projects that formed part of phase 1 and phase 2. The most significant impact was in the area of business process re-engineering which led to a dramatic reduction in the turnaround times of a number of key enabling documents. The following serve as examples:

- First issue and re-issue of Identity Documents was reduced to an average of under 47 days from 127 days in 2007/08. The annual target for the 2008/09 financial year was 60 days
- Issuance of temporary identity certificates on the spot in frontline offices (equipped with online verification) as compared to seven days previously
- Issuance of unabridged birth, marriage and death certificates from an average of eight weeks to six weeks
- Single-day processing capability instituted at each of the six national Refugee Reception Offices for the issuance of section 22 and section 24 Permits
- Issuance of temporary residence permits within the targeted period of 6 weeks
- Issuance of permanent residence permits within the targeted period of eight months (current turnaround time is seven months)
- Corporate, general and intra-company transfer work permits in respect of large account holders and business permits issued within stipulated timeframes of 15 days.

A number of systemic challenges were encountered during the period of reporting. These were the lack of:

- Capacity at all levels of management within the DHA, partially caused by delays in the finalisation of the senior management service (SMS) migration process
- Efficient and stable IS systems and IS support to effectively maintain existing systems, high frequency of fraud and corruption within the Home Affairs operating environment
- Proper governance structures within the DHA,
- Strong performance management culture linked to a robust monitoring and evaluation (M&E) system (use of basic metrics for management) to help drive the values of the Department, and
- Adequate financial controls and management in the organisation.

To address these various challenges the Department embarked on a programme to develop especially management and leadership at senior and middle management levels. This included a manual to guide front office managers, supported by training and coaching. The appointment of interns and other temporary staff was also used to strengthen capacity at lower levels. Looking forward, the formation of a strategic support branch will strengthen key areas such as governance, monitoring and evaluation and the curbing of fraud and corruption.

As part of the turnaround the Department has continued with initiatives to address key issues that emanated from previous audit reports, particularly with respect to revenue and asset management.

A significant development during the reporting year was the incidences of xenophobic violence in the country. The xenophobic violence had a significant impact on the National Immigration Branch. Twenty one officials from the Permitting section were involved in the registration, capturing and issuance of exemption cards for 4 316 displaced persons and issuance of 371 temporary residence permits in Gauteng and Western Cape.

Explanations/Reasons for any Additions to or Virement Between Appropriation Allocations:

- Additional funds for:
 - Inflation adjustment for compensation of employees – R45,444 million (Programme 1: Administration (R11,367 million); Programme 2: Services to Citizens (R15,788 million); Programme 3: Immigration Services (R10,744 million); and Programme 4: Transfers to Agencies for the Government Printing Works (R2,203 million) and Electoral Commission (R5,342 million));
 - Other inflation related costs in preparation for the elections – R21,59 million;
 - The reissuing of appropriate documentation to all eligible refugees displaced due to the recent violent attacks on foreigners – R21,656 million;
 - Issuing special dispensation permits to SADC nationals – R15,0 million; and
 - The Advance Passenger Processing system to enable the Department to receive passenger information from airlines for profiling passengers before the arrival of flights for the 2010 FIFA World Cup – R50,0 million.

Virement Between Appropriation Allocations:

- Shifting of funds from Compensation of Employees and Goods and Services to Payment for Capital assets (for the purchase of capital related equipment); and Transfers and Subsidies (for leave gratuity paid to official no longer in service of the Department); and
- Shifting of earmarked funds for the Customer Services Centre to Mobile units for maintenance services.

Report on Rollovers from the Previous Financial Year:

- Programme 1: Administration – R54,234 million for the Voice Over Internet Protocol to improve global connectivity for the South African missions abroad.
- Programme 2: Services to Citizens – R18,7 million for HANIS Technology Refresh as a result of the exchange rate fluctuations; and R31,658 million for reconfiguration of the current passport dispatching system for the new end-to-end passport process being implemented by Government Printing Works

OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2008/09

The main focus of phase 2 of the Turnaround Programme was on implementing the new model of Home Affairs that was designed in phase one. The main aim was to implement the new model of the DHA in a way that improves rather than disrupts services and that is sustainable beyond 2009. In achieving this aim, the DHA faced several strategic challenges:

- Ensuring that the Director-General (DG) is supported by a strong and coherent management team that can give leadership, manage the process and take control of operations. One of the projects to support this process was Leadership and Management Support, through which specialists were procured, who could provide this support to senior managers.
- The transformation element, including ensuring the support and participation of all staff. This means establishing at all levels a new culture of doing business that is aligned to the values expressed in Batho Pele, combined with robust capacity development.
- Ensuring that systems and services are improved to the level required to support the new business processes. The major challenge is the limited resources available to overcome large historical problems related to poor information systems and physical infrastructure. These were addressed in a limited way through the redesigned “look and feel” of 33 frontline offices.

The lack of human capacity (filling of posts) was the main factor that inhibited the Department in achieving some of its strategic objectives and targets. The senior management service (SMS) migration played a significant role in this state of affairs and could not be finalised during the 2008/09 financial year. The finalisation of the SMS migration was also a prerequisite for the below SMS migration process that will only commence in the 2009/10 financial year. The lack of adequate senior management capacity has also impacted on other key areas such as governance.

The high vacancy rate among senior managers' posts in the Department (approximately 55 %) has placed considerable strain on the current resources. The Department has more than 2 500 vacant posts on its establishment. The reporting period was further characterised by the resignation of the Deputy Director-General for Information Services and other key senior management (on chief director and director level). A number of senior management was also suspended. Only one of the six branches headed by a permanently appointed Deputy Director-General is permanently filled. The branch head positions for Civic Services, Information Services, Finance and Supply Chain Management and Human Resources were filled through acting positions. The Strategic Support branch head position was not filled through an acting position. The Leadership and Management Support system was used to mitigate the impact of the high vacancy rate.

The Department was also affected by the fragmented and incoherent implementation of upgrades of staff that resulted in staff discontent, go-slows and accumulation of application backlogs in the civic services environment. The efficiencies that were built into the ID processes during phase one assisted in maintaining the issuance of Identity Documents within the targeted turnaround time.

The high levels of fraud and corruption has also impacted negatively on the image of the Department. The Department has, as part of the Turnaround Programme, embarked on various initiatives to address the issue of corruption. Examples that can be cited are online verification, improved revenue management processes and systems, the new passport system, use of biometrics, etc. The Smart ID card will

play a crucial role in the reduction of fraud and corruption, when introduced.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2008/09 FINANCIAL YEAR

The Department of Home Affairs today is in many respects a far healthier and more efficient organisation than it was in May 2007 when the Turnaround started. From the outset, the Turnaround was designed around what our citizens want and need. Service delivery in terms of turnaround times for key documents was reduced significantly. Underlying these achievements is the exercise of better control over many operational areas, including the better use of management information.

During the 2008/09 financial year the Department of Home Affairs developed a draft macro policy to define the role of the DHA and align Home Affairs

with the priorities of the South African government. This work informed the formulation of the strategic goals of the Department. In November the Minister of Home Affairs approved the discussion of the draft Macro Policy framework with other departments prior to presenting it to Cabinet.

As the financial year progressed the Department identified the following key priorities to ensure that the Turnaround Programme is sustainable and builds on the advances already achieved: Leadership, management and governance, skilled staff with the correct values, integrated business processes and systems and conducive infrastructure and working environment.

The full implementation of the above goals is vital in addressing deep rooted and systemic problems such as corruption. Critical resources required are managers and staff driven by correct values and supported by adequate systems.

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Income is generated mainly from fees charged for the issuing of passports, identity, travel and other official documents.

Economic Classification	Revenue Outcome			Target 2008/09 (R'000)	Actual 2008/09 (R'000)	% Deviation from Target
	Audited 2005/06 (R'000)	Audited 2006/07 (R'000)	Audited 2007/08 (R'000)			
Tax Revenue	-	-	-	-	-	-
Non-Tax Revenue	237 680	463 956	400 043	405 307	322 606	20,4
Sales of goods and services produced by Department (excl. capital assets)	225 273	445 766	369 472	391 628	304 904	22,1
Fines, penalties and forfeits	12 235	18 036	28 788	13 489	17 094	(26,7)
Interest, dividends and rent on land	172	154	1 783	190	608	(220,0)
Sales of other capital assets	26	1	-	76	-	100,0
Financial transactions in assets and liabilities	-138	4 282	21 080	2 500	33 067	(1222,7)
Total Receipts	237 568	468 239	421 123	407 883	355 673	12,8

DEPARTMENTAL EXPENDITURE

Programmes	Appropriation 2008/09 (R'000)	Roll-overs and Adjustments (R'000)	Virement (R'000)	Final Approp- riation (R'000)	Actual Payments (R'000)	Variance (R'000)
1. Administration	1 294 444	96 134	(25 198)	1 365 380	1 365 360	20
2. Services to Citizens	1 182 622	43 136	32 353	1 258 111	1 143 893	114 218
3. Immigration Services	900 058	89 877	(7 155)	982 780	946 970	35 810
4. Transfers to Agencies	1 127 895	82 442	-	1 210 337	1 210 337	-
Total	4 505 019	311 589	-	4 816 608	4 666 560	150 048

TRANSFER PAYMENTS

Name of Institution	Amount Transferred (R'000)	Estimate Expenditure (R'000)
1. Municipalities	634	634
2. Film and Publication Board	33 519	33 519
3. Government Printing Works	137 425	137 425
4. Electoral Commission	1 039 393	1 039 393

1. Municipalities for licensing of vehicles.
2. Film and Publication Board funds the classification work of the Film and Publication Board and the Film and Publication Review Board.
3. Government Printing Works provides for the augmentation of the Government Printing Works Trading Account for supplying printing and stationery to government.
4. Electoral Commission is a state institution established under Chapter 9 of the Constitution of the Republic of South Africa, 1996. Funds allocated by Parliament for the Commission are formally shown on the Department of Home Affairs' vote as an amount for transfer to the Commission. The Commission is accountable to the National Assembly and must report on its activities, its financial affairs and the performance of its functions to the National Assembly at least once a year.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital Investment Plan

Introduction

This is a summary of projected expenditure versus the actual expenditure on capital investments and maintenance of fixed assets linked to the Asset Management Plan.

	BUDGETED	SPENT
Pace Reports	R 47,644,000.00	R 49,695,130.56
Planned Maintenance	R 1,400,000.00	R 765,968.71
Refurbishment	R 18,900,000.00	R 25,851,477.75
CAPITAL WORKS TOTAL	R 67,944,000.00	R 76,312,577.02
Accommodation Charges	R 92,036,000.00	R 92,036,320.00
Municipal Services	R 21,089,000.00	R 17,775,425.29
DEVOLUTION OF FUNDS TOTAL	R 113,125,000.00	R 109,811,745.29
CURRENT LEASES	R 30,000,000.00	R 12,100,599.18
PROPERTY MANAGEMENT TOTALS	R 211,069,000.00	R 198,224,921.49
OWN AND LEASE CONTRACT PROP EXP: PROPERTY MAINTANACE	R 1,550,000.00	R 1,875,566.53
TOTAL DAY TO DAY	R 1,550,000.00	R 1,875,566.53

Repair and Maintenance Programme

The Repair and Maintenance Programme (RAMP) adapted for the Department of Home Affairs was initiated as a result of ongoing research findings related to the backlog on deteriorating facilities due to inadequate maintenance programmes.

Phase 1 involves a status quo report of each facility and the total cost of phase 1 contributes to 25 % of the programme cost.

Phase 2 entails the design and documentation of repair and maintenance contracts which covers 35 % of the programme cost.

Phase 3 covers the construction during which installations and infrastructure is repaired and then maintained for the balance of the 36 months contract period.

Building Projects Currently in Progress and Expected Completion Period

2.1. RAMP GROUP TWO

Province	Town	Progress to Date	Expected Completion Date
Gauteng	Heidelberg District Office (DO)	Repair and construction completed in April 2009	July 2010
	Krugersdorp DO	Repair and construction completed in April 2009	July 2010
	Harrison Street Regional Office (RO)	Repair and construction completed, site hand over on 1 June 2009	July 2010
North West	Lichtenburg DO	Repair and construction completed in February and official hand over done on 13 March 2009	May 2010
	Garankuwa DO	Repair and construction completed in February 2009	May 2010
KwaZulu-Natal	Tongaat DO	Repair and construction completed in February 2009. Site hand over on 25 May 2009	May 2009
Western Cape	Khayelitsha RO	Repair and construction completed in November 2007. Site hand over in May 2008	May 2009
	Nyanga DO	Site hand over to DHA in November 2008	May 2009
Eastern Cape	Zwelitsha DO	The repair and construction phase is partially completed	May 2009
	Butterworth DO	Site hand over to the contractor is scheduled for 27 May 2009	2011
Mpumalanga	Lydenburg District Office	Partial hand over done on 19 January 2009	February 2010
	Witbank DO	Repair and construction phase partially completed (approximately 90 %)	February 2010
	Barberton DO	Project is 80 % completed. Some of the space belonging to DHA is currently being occupied by Department of Health. Cannot be reconfigured according to corporate identity	February 2010

Developments Relating to the above that are Expected to Impact on the Department's Current Expenditure

The Department is currently dependent on Department of Public Works (DPW) to deliver and meet the targeted date for completion. The current expenditure might have an impact on under expenditure due to delays in:

- Awarding of tenders
- Appointing of engineer consultants
- Appointment of main contractors

Office Refurbishment Project - "Look and Feel"

The Department embarked on a project called "Look and Feel" as part of the Turnaround in building the New Home Affairs. The project is aimed at creating a conducive environment for its clients in public waiting areas and enhancing the image of the Department while promoting its service delivery model. The new design of offices has greatly assisted with the improved processing of enabling documents. Since the inception of the project in 2008/09, the Department has refurbished 33 offices.

Refurbishment of Asylum Seekers Reception Offices

The Department was also engaged in a refurbishment project for revamping the Asylum Seekers Offices, namely, Marabastad and Crown Mines. The project was initiated by the Turnaround team to assist in responding to the high volume of asylum seekers by increasing the number of staff to deal with the influx. The project was also in reaction to the court orders issued to the Department which interdicts the use of the existing structure.

Construction of New Offices

The Department is in the process of constructing new model offices in Taung, Sebokeng and Phuthaditjaba. Office design and site clearance have been completed. Tenders to construct Phuthaditjaba Regional and Sebokeng District offices are expected to be advertised in October 2009.

Installation of Generators and Uninterrupted Power Supply (GENSET)

Due to the chronic power failures emanating from load shedding, the Department has embarked on a process to provide a stable source of power supply to all offices likely to be affected by power outages.

The Department has installed generators and uninterrupted power supply (GENSET) for most state owned offices currently under the RAMP Project. All private leased office buildings are also part of the project of which some have challenges in terms of the lease agreements. DPW is currently working with landlords to install the GENSETS and amortise the costs to the rental period. All new leases will be installed with GENSET as part of Tenants Installation (TI).

PROGRAMME PERFORMANCE Summary of Programmes

The activities of the Department of Home Affairs are organised in the following four programmes:

- Programme 1: Administration
- Programme 2: Services to Citizens
- Programme 3: Immigration Services
- Programme 4: Transfers to Agencies

PROGRAMME 1: ADMINISTRATION

Purpose: Provide for the overall management of the Department and centralised support services.

Service Delivery Achievements

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
DHA Strategic Objective 4: To foster domestic, regional and international co-operation towards improved economic growth and development, including events with strategic importance to the country, such as the 2010 FIFA World Cup						
4.2	Accurate and timely interactions with other government departments ensured	Status of interactions with other government departments	4.2.1	Process of inter-governmental submissions, delegations and roles and responsibilities both with DHA and other government stakeholders aligned	Achieved	Management
		Status of communication and relationship with other departments regarding turnaround initiatives	4.2.2	Effective communication and relationships between DHA and other departments in the implementation of the DHA turnaround project initiatives developed	Achieved Presentations made to the following FOSAD clusters: Governance and Administration (G&A) and International Relations, Peace and Security (IRPS)	Management
4.3	MoUs and international agreements between DHA and required stakeholders developed and implemented	Percentage (%) of prioritised MoUs in place	4.3.1	100 % of prioritised MoUs in place	Not achieved Draft MoU with SASSA and Public Works in place (not signed)	Management
		Percentage (%) of prioritised international agreements as defined by business in place	4.3.2	100% of prioritised international agreements as defined by business in place	Achieved MoU with China, Nigeria, Lesotho and Zimbabwe developed	Management
4.4	Strategic partnerships with relevant stakeholders across sectors built and sustained to ensure readiness for international engagements	Status in the strengthening of strategic partnerships, building of new partnerships and sustaining of existing partnerships with foreign counterparts in line with the country's foreign policy	4.4.1	DHA best positioned to build and sustain strategic partners as identified through IRPS, SONA, PoA and DHA branches: Zimbabwe, Angola, Nigeria, Sudan, DRC, Rwanda, China and UK	Not achieved Bilateral meetings held with China, Nigeria, DRC, Zimbabwe and Rwanda	Management
DHA Strategic Objective 5: To deliver the Department's mandate effectively by implementing a new organisational model that is characterised by caring officials who serve with professionalism and by effective governance and operational control						
5.1	DHA capacity and capability transformed based on the new organisational model	Number of minimum DHA priority posts filled	5.1.1	Minimum of 700 priority posts filled	Not achieved 641 positions advertised and 528 finalised	Corporate Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Percentage (%) reduction in vacancy rate	5.1.2	10% reduction in vacancy rate	Not Achieved Filling of positions was dependent on finalisation of migration process	Corporate Services
		Percentage (%) of people trained and developed against specified standards / trained in new competencies	5.1.3	70% of targeted staff trained and developed	Achieved Training provided as follows: Civic Services: (2 395 employees trained), Immigration Services (949), employees trained on computer (557) and Batho Pele Revitalisation (2 790 employees), Change Resilience (2 252 people), Management of Absenteeism (349), Customer Care (262) Budget Training (396) Fleet Management (470) Mentorship (154)	Corporate Services
		Degree of implementation of new organisational model in terms of post establishment	5.1.4	Posts created on Persal to reflect alignment with new organisational structure	Achieved SMS positions created on the structure after finalisation of the migration process. New appointments are captured on the 2008 structure because they are not affected by below SMS Migration (for Critical Positions below SMS). Positions below SMS will only be created on the 2008 Structure after finalisation of the migration process for those levels.	Corporate Services
		Percentage (%) of staff composition aligned with prescripts on gender, disability and youth	5.1.5	Staff composition 60% aligned with prescripts on gender, disability and youth	Not achieved Disability: Draft customised policy and guidelines developed Employment Equity Plan approved with clear disability targets and implementation strategy	Corporate Services
5.2	Leadership and governance capability enhanced and strengthened to ensure organisational operational efficiency	Percentage (%) of Senior Management Service (SMS) exposed to targeted leadership training	5.2.1	Targeted leadership training (strategic planning and reporting) for 60% of SMS	Not achieved Target carried over to 2009/10 financial year	Corporate Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Degree of alignment of organisational performance management system	5.2.2	Aligned organisational performance management system established and implemented	Not achieved Draft monitoring and evaluation framework in place	Management
		Number of new executive committees established and fully compliant with prescripts/ regulations and terms of reference	5.2.3	Six (6) new committees established (Operations Committee, Executive Committee, Ministerial Executive Committee, Audit Committee, Policy, Ethics Standards and Values)	Not achieved Project not in place to give adequate support for establishing governance structures Policy Committee and Ethics and Standards Committee terms of reference signed-off by ExCo but not implemented Terms of reference of MinExco drafted but not approved Design for overall structure worked on and discussed at ExCo, workshop was agreed on	Management
		Status of establishment of Enterprise Programme Management Office (EPMO) to co-ordinate and manage all change initiatives in the DHA	5.2.4	EPMO fully established and operational	Not achieved EPMO not fully functional. Target carried over to 2009/10 financial year	Management
		Degree of compliance with Performance Management Development System (PMDS) policy	5.2.5	100 % compliance with PMDS achieved	Not achieved Limited number of Q1 and Q2 reports submitted by branches Late submission of assessment reports	Corporate Services
5.3	Sustained levels of employee commitment, professionalism and discipline in a supportive environment	Percentage (%) of grievance, disciplinary and dispute activity reduced and stakeholder relations harmonised	5.3.1	40% reduction in misconduct cases	Achieved Of the 366 cases referred, 236 were finalised (65%). On a year-to-year comparison, of the 457 cases referred during 2007/08, there is a decrease in number of cases to 366 in the 2008/09 period	Corporate Services
			5.3.2	60% success in disputes in favour of DHA	Achieved The success rate is in excess of 80 %	Corporate Services
			5.3.3	40% reduction in grievances	Not Achieved An influx of performance management related grievances impacted on the attainment of the target	Corporate Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Percentage (%) accessibility of employee wellness (EW) services	5.3.4	100% accessibility of employee wellness services	Not achieved Programmes on Wellness are currently in progress throughout DHA. Of 7 500 total employees, 5 601 employees reached through EW programmes (75 %)	Corporate Services
5.4	Batho Pele principles institutionalised	Percentage (%) of officials trained in Batho Pele Revitalisation	5.4.1	70% of targeted staff trained and developed in Batho Pele Revitalisation	Not achieved 2 790 employees trained in Batho Pele revitalisation	Corporate Services
5.5	Retention of critical skills enabled	Status of retention plan implemented	5.5.1	Retention plan fully implemented	Achieved Talent Retention policy approved and Retention Committee established	Corporate Services
DHA Strategic Objective 6: To create an enabling environment by putting in place support services that are effective, efficient, integrated and that prevent corruption						
6.1	Business processes and systems re-engineered to enhance efficiency	Re-engineered status (degree) of processes and systems	6.1.1	Key core and support business processes and systems re-engineered	Not achieved for Finance processes Preferred Procurement System still to be investigated (LOGIS vs PROCURE) Achieved for HR processes HR business processes mapped. Implementation of 10 approved HR policies	Financial Services Corporate Services
6.2	Risk management capacity established	Status of implementation of risk mitigation strategy	6.2.1	DHA Risk Mitigation Strategy developed and fully implemented	Not achieved Risk management post not filled Risks Representatives appointed	Management
6.3	DHA systems of risk management, internal control and governance processes and their effectiveness and efficiency established	Level of compliance with policies, guidelines, performance standards, etc	6.3.1	Targeted systems of risk management and internal control within specific business units (Finance, Civics, NIB) established and fully compliant	Not achieved 92% of planned audits achieved. Audit Committee requested that no Head Office audits be done until plan approved. Ad Hoc projects impacting on available resources	Management
		Status of identification and analysis of weaknesses and security risks in processes, systems, facilities or structures that contribute to irregularities, unlawful conduct or breaches	6.3.2	100% of high priority weaknesses and security risks addressed	Achieved Birth, Marriage and Death (BMD), temporary residence permits (TRP) and permanent residence permit (PRP) processes certified. A change request was approved by Project Exco in 2008 for BMD, TRP and PRP to be certified rather than ID and Passport systems	Management

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
6.4	Compliance to prescribed laws, regulations and legislation (e.g. financial management and auditing standards, including Supply Chain Management)	Status of compliance to GRAP, PFMA, National Treasury Regulations, OHSA and Internal Audit standards	6.4.1	100% compliance to financial and auditing relevant acts	Not achieved Newly created organisational structure not yet functional (Chief Directorate: Monitoring and Evaluation)	Financial Services
		Percentage (%) of revenue collected accounted for	6.4.2	100% of revenue collected accounted for	Not achieved Unallocated amount of R 1,9m to be resolved with stakeholder	Financial Services
		Status of procurement transformation	6.4.3	Phase 1 finalised (Solid supplier and contract management established and streamlined procurement processes)	Not Achieved Only Contract Management principles developed, Supplier Management still in progress	Financial Services
		Level of compliance with specified standards for targeted offices to improve the working environment for staff	6.4.4	100% compliance of targeted offices with specified standards	Not achieved 41% offices has complied with OHSA standard Key dependency on Department of Public Works for the issuance of OHSA certificates	Financial Services
6.5	Comprehensive DHA policy and legislative framework and programme established	Status of policy framework and programme development	6.5.1	Policy and legislative framework approved	Not Achieved Target to be carried over to 2009/10, depending on Cabinet approval of the process after intra-government input	Management
			6.5.2	Programmes developed for priority policies and legislation	Not achieved Priority legislation for 2008/09 legislative programme determined, proposed Legislative Programme (2008/09) drafted and submitted for approval. Proposed Legislative Programme (2008/09) not yet submitted to Leader of Government Business, still awaiting directives from Leader of Government Business as to when to submit	Corporate Services
6.8	Corruption minimised through competent analysis, identification, prevention, investigation and prosecuting processes	Status of amalgamation	6.8.1	Full amalgamation and integration of investigating units achieved	Achieved Structure approved by Exco in December 2008. Internal Audit (IA) and NIB have transferred their investigation functions to Integrity Management Unit (IMU) making it integrated and operational. Dependent on HR to ensure full capacity is achieved	Management

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Status of the establishment of systems to prevent corruption	6.8.2	Effective systems to prevent corruption in place and trends monitored	Achieved Trend report, which is a working document, has been established. Format was agreed to by Project Exco. Electronic access control, CCTV, intruder detectors, metal detectors, X-ray machines and PA systems were installed in 27 targeted offices. Waiting on Asset Management for connectivity	Management
6.9	Full compliance with Minimum Information Security Standards (MISS) established and sustained	Percentage (%) of high priority security threats and risks addressed	6.9.1	100% of high priority security threats and risks addressed	Not achieved 80 offices out of targeted 100 were evaluated for MISS compliance. More offices were evaluated but records not available	Management
6.10	Facilities and related resources managed to ensure adequate functioning of offices	Degree of compliance with minimum standards	6.10.1	100% compliance with minimum standards for resource requirements of existing and new appointments	Not achieved Key dependency on Department of Public Works for the issuance of OHSAs certificates	Financial Services
6.11	Planned and implemented changes in DHA service delivery proactively communicated	Percentage of planned changes communicated	6.11.1	100% of planned changes communicated (to public and DHA staff)	Achieved Internal: Bi-monthly internal newsletter (Khaya) produced and distributed; electronic news distributed as required; Hot Chilli News (electronic newsletter) introduced; 2 DG broadcasts hosted; DG visit to all 9 provinces completed; Minister's internal imbizo held in Cape Town; 6 internal events/conferences held; new website designed and content produced; plasma screens installed in 100 offices. Media: media releases distributed, 6 media briefings held, 4 advertising campaigns; visits to 3 major media houses conducted; ongoing media relations. Public awareness: Poster campaigns at DHA offices (Late registration of birth, new photo requirements, asylum seeker and refugee application processes and Track & Trace); over 40 izimbizo; ID Urself Now! campaign (4 road shows and TV adverts), external events and exhibitions hosted; research conducted including environmental scans and perception audits	Management

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Percentage of implemented changes communicated	6.11.2	100% of implemented changes communicated (to public and DHA staff)	Achieved Internal: Bi-monthly internal newsletter (khaya) produced and distributed; electronic news distributed as required; Hot Chilli News (electronic newsletter) introduced; 2 DG broadcasts hosted; DG visit to all 9 provinces completed; Ministers internal imbizo held in Cape Town; 6 internal events/conferences held; new website designed and content produced; plasma screens installed in 100 offices. Media: media releases distributed; 6 media briefings held; 4 advertising campaigns; visits to 3 major media houses conducted; ongoing media relations. Public awareness: Poster campaigns at DHA offices (Late registration of birth, new photo requirements, asylum seeker and refugee application processes and Track & Trace); over 40 izimbizo; ID Urself Now! campaign (4 road shows and TV adverts), external events and exhibitions hosted; research conducted including environmental scans and perception audits	Management
		Level of credibility of information on subject matters for communication purposes provided	6.11.3	100% credible information on subject matters provided	Achieved	Management
6.12	Enhanced Passport System function implemented as enabler to Civic Services' business	Percentage (%) of enhanced Passport System components implemented	6.12.1	40% of enhanced Passport System components implemented	Achieved Some technical problems do occur in the live environment	Status Services
6.13	Online Verification System (equipment and applications) rolled out to assist in reducing specified timeframes on enabling documents	Percentage (%) of Online Verification system equipment and applications rolled out to DHA offices to assist in reducing specified timeframes on enabling documents	6.13.1	100% Online Verification system rolled out to identified Civic Services and NIB offices	Not achieved Achieved for Civics and not achieved for NIB	Transversal IT Projects (Back to Basics)

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
6.14	Integrated IS systems: Live Capture System (infrastructure and applications) rolled out to identified offices to assist in reducing specified timeframes on enabling documents (including IDs and passports)	Percentage (%) of offices rolled out with integrated IS systems: Live Capture System infrastructure and applications rolled out at identified offices to assist in reducing specified timeframes on enabling documents	6.14.1	Integrated IS systems: Live Capture System infrastructure and applications rolled out to 90% of identified offices to assist in reducing specified timeframes on enabling documents (NIB requirements)	Not achieved Focus was shifted to new passport system as it depends on same resources	Transversal IT Projects (Live Capture)
6.15	National Population Register (NPR) system functionality (as identified and approved by Civic Services and NIB) enhanced (through change requests) to assist in reducing specified timeframes in application process of enabling documents	Percentage (%) of National Population Register (NPR) system functionality (as identified and approved by Civic Services and NIB) enhanced to assist in reducing specified timeframes in application process of enabling documents	6.15.1	80% of National Population Register (NPR) system functionality enhanced	Not achieved Unabridged certificate system implemented Over 8 000 notifications sent on unabridged certificates	Status Services
6.16	Digitised / scanned record storage optimised to support birth, marriage and death (BMD) as well as citizenship processes	Percentage (%) of digitised records accessible for Civic Services	6.16.1	100% of existing records accessible and useable and functionality enhanced to back-scan Civic Services records	Not achieved EDMS project to be executed from EPMO as per EXCO decision	Information Services
6.17	Effective and integrated information systems / applications delivered that support DHA requirements	Percentage (%) of HANIS technology refresh completion	6.17.1	100% HANIS technology refresh completed	Achieved Currently in use within Civics	HANIS (Techno Refresh)
		Percentage (%) of ID Photo Digitization system implemented, that provides business with capability to scan ID photos and print in new ID documents, as well as preparing for the new ID card	6.17.2	100% ID Photo Digitization system implemented (namely ICT infrastructure and application capability and roll out)	Not achieved Software failed user acceptance testing mainly as a result of the quality of the pictures received from offices	HANIS
		Percentage (%) of integrated IS systems: Movement Control, Permit and Visa systems (i.e. IT infrastructure and applications) implemented to assist in facilitating movement of skilled persons within specified timeframes	6.17.3	100% integrated IS systems: Movement Control, Permit and Visa systems capability created and rolled out to relevant offices	Not achieved Lack of resources. Same resources are utilised for other projects: WAIO and 2010	Admissions (2010 Readiness)

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
6.18	Stable, reliable, converged, secure and integrated technology infrastructure in all DHA offices delivered	Percentage (%) of integrated IS systems: Refugee and Deportation system (IT infrastructure and applications) implemented to assist in issuing enabling documents / status within specified timeframes Percentage (%) of functioning network communications infrastructure in accordance with ICT policy and architecture framework	6.17.4 6.18.1	100% Refugee and Deportation system (ICT infrastructure and applications) implemented Virtual Private Network in the DHA Wide Area Network (WAN) and Local Area Network (LAN) implemented for 80% reliability of data communications and transmission	Achieved Implemented at all 5 centres. Tswane centre for Special Dispensation in operation. Not Achieved Project delayed because SITA Services were terminated for WINET because of non delivery DHA has insufficient resources to finish the workstation migration on time, workstation configuration for migration completed for Waitloo, BVR and PTA small sites	Transversal IT Projects (Refugee System) Transversal IT Projects (Information Services Infrastructure)
		Percentage (%) of Continuous Data Centre Processing and Disaster Recovery capability in accordance with ICT policy and architecture frameworks	6.18.2	20% Continuous Data Centre availability implemented through capacity plan (inclusive 20% Disaster Recovery ability)	Achieved New servers bought to replace obsolete servers to improve data processing New SAN bought – to back up old SAN to ensure data availability even in a case of a disaster	Transversal IT Projects (Information Services Infrastructure)
		Percentage (%) of optimized / upgraded end-user computing in accordance with ICT policy and architecture framework	6.18.3	40 % optimized and standardized end-user computing Configuration for 70% stability	Not achieved Definition of software standards were delayed due to lack of resources Proposed software standards is in the process of being approved/ signed off Progress achieved is working on User Rights management (which will limit number of users with administrator rights) and removal of illegal software	Transversal IT Projects (Information Services Infrastructure)
6.19	Streamlined IS service delivery through effective IS governance, architecture and standards framework	Percentage (%) of IS architecture and Master Systems Plan (MSP) implemented Percentage (%) of IS compliance to quality and risk management frameworks Percentage (%) of research and development capacity and capability created	6.19.1 6.19.2 6.19.3	100% reviewed Master Systems Plan and IS architecture 40% compliance to IS quality framework and less than 20% risk exposure 30% research and development capacity and capability created	Not achieved Lack of resources (architects) Not achieved Lack of resources (architects) Not achieved Lack of resources (architects)	Information Services Information Services Information Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
6.20	Service Management Function that is Information Technology Infrastructure Library (ITIL) aligned established	Percentage (%) of developed and signed IS supplier contracts and service level agreements (SLAs)	6.20.1	100% capability created for SLA Management 100% of contracts and SLAs signed year-on-year	Not achieved Lack of resources (architects)	Information Services
		Percentage (%) of signed operational level agreements (OLAs) with DHA end-users of IS Services	6.20.2	100% of OLAs signed	Not achieved Lack of resources (architects)	Information Services
6.21	IS service delivery streamlined through capacitation of the Special Initiatives Unit that effectively manages small and medium transversal IS projects	Percentage (%) of IS project management methodology and governance implemented	6.21.1	70% IS project management methodology and governance implemented	Not achieved Lack of project management skills and project managers	Transversal IT Projects (Information Services Programme Management)
		Percentage (%) of IS special initiatives delivered to project management methodology and governance	6.21.2	100% IS special initiatives delivered in compliance to the project management methodology and governance	Not achieved Lack of project management skills and project managers	Transversal IT Projects (Information Services Programme Management)
6.22	Efficient electronic knowledge and information management (KIM) capacity created and implemented	Percentage (%) of Enterprise Content Management capability implemented	6.22.1	10% Enterprise Content managed capability	Not achieved Information flow solution architecture developed. ECM open solution architecture developed. Identified all processes to be managed under business process management model. Lack of funding and resources	Information Services
		Percentage (%) of existing records digitised using electronic document management (EDM) capacity	6.22.2	Capacity created to handle the digitisation of up to 5% of existing Civic Services paper records	Achieved 5% capacity to handle digitisation of Civic and NIB records 2.5% Digitisation of targeted National Immigration Branch records facilitated	Information Services
		Percentage (%) of DHA File Plan implemented for paper and electronic records and percentage (%) of records archived	6.22.3	20% File Plan implemented for records management	Achieved Workshops conducted for Head Office from level 7 to 12. Briefing given to Top 200 Managers	Information Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Percentage (%) Business Continuity plan implemented	6.22.4	10% of Business Continuity plan implemented	Not achieved Developed Information flow architecture Consolidated business continuity processes	Information Services
		Percentage (%) of shared DHA Information, Knowledge and Business Intelligence capability created	6.22.5	10% of provincial information resource centres (1 office) established for information and knowledge sharing	Not achieved Venue identified and secured in Bloemfontein	Information Services

PROGRAMME 2: SERVICES TO CITIZENS

Purpose: Deliver core functions by granting rights and citizenship to eligible members of the population.

Measurable Objectives

- Improve the granting of specified rights and citizenship to eligible people by reducing the time taken to issue valid documents:
 - Unabridged birth, marriage and death certificates: from between 6 and 8 weeks in 2007/08 to same day by 2010/11
 - Passports and travel documents: from 41 days in 2007/08 to 5 days by the end of 2010/11
 - All temporary passports and emergency travel certificates: to 1 day by the end of 2008/09
 - Citizenship certificates: from 6 months in 2007/08 to 1 month by the end of 2010/11
 - First issue of an Identity Document: from 127 days in 2007/08 to 30 days by the end of 2010/11
 - Second issue of Identity Documents: from 98 days in 2007/08 to 20 days by the end of 2010/11
 - Temporary Identity Documents from 7 days to 1 day by the end of 2008/09
 - Abridged birth, marriage and death certificates: maintain same day issue
- Improve the quality and consistency of services delivered to the public by implementing basic standard operating procedures and service standards at all service points and monitoring compliance with turnaround times through the track and trace system, surveys, and statistical data or information.
- Expand the capacity of the customer service centre to handle approximately 162 000 calls in 2008/09 to approximately 510 000 calls by the end of 2010/11 by increasing the first line and second line capacity of the customer service centre.

Service Delivery Objectives and Indicators

Performance Indicator	Target	Actual	Reason(s) for Deviation
Number of passports and travel documents issued	1,026 936	1,171 355	Varying travel patterns by SA citizens
Number of days to issue an Identity Document (first issue)	60	42	Not applicable
Number of days to issue an Identity Document (second issue)	56	42	Not applicable
Number of Identity Documents issued	3,972 000	2,401 425	The estimates were based on historic data. The introduction of ID Track and Trace system prevented duplicate applications in the ID issuing process
Total number of citizenship certificates (naturalisation) issued	32 627	30 340	The demand was lower than anticipated
Number of calls handled by the customer service centre per month	162 121	96 986	Call volumes vary in terms of demand

Statistical Information

Sub-Programme	Outputs	Performance measures / Service Delivery Indicators	Actual Performance / quantity
Passports & Travel Matters	Issue passports	Number of passports issued: <ul style="list-style-type: none"> • Tourist passports • Child passports • Official passports • Document for travel purposes • Diplomatic passports • Temporary passports • Emergency passports • Crew member certificates • Maxi passports 	764 731 168 212 11 965 2 311 2 041 141 004 57 695 2 751 22 686
Citizenship	Process citizenship applications	Number of: <ul style="list-style-type: none"> • Naturalisations • Renunciations • Deprivations • Resumptions • Citizens by descent registrations • Retentions • Restorations 	11 414 655 0 716 7 976 8 834 745
Population Registration	Births, Marriages and Deaths: Issue relevant certificates; process applications for amendments; solemnise marriages; designate marriage officers and appoint registering officers	Number of registrations: <ul style="list-style-type: none"> • Births (under 15 yrs) • Marriages <ul style="list-style-type: none"> – Civil – Customary – Civil Union Number of Certificates issued: <ul style="list-style-type: none"> • Births <ul style="list-style-type: none"> – Unabridged • Marriages <ul style="list-style-type: none"> – Unabridged • Deaths <ul style="list-style-type: none"> – Unabridged Number of divorces recorded	1 205 111 182 104 8 599 1 009 163 151 35 704 3 026 29 777
	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 Department's Statement of Standards New recordings (16 years and older)	2 401 425 510 048

Sub-Programme	Outputs	Performance measures / Service Delivery Indicators	Actual Performance / quantity
Home Affairs National Identification System (HANIS)	Updating database, system usability and roll-out of the Automated Fingerprint Identification System (AFIS)	Populating the AFIS database AFIS usability <ul style="list-style-type: none"> • IDC applications (first time on AFIS) • IDC re-issues • ID determination • 10 print searches • Hard copy records verified (<i>ad-hoc</i>) • Remote verification (online) AFIS rollout <ul style="list-style-type: none"> • Departmental offices linked to the AFIS database • Public entities linked to the AFIS database • Private entities linked to the AFIS database Total number of fingerprints records on the AFIS database <ul style="list-style-type: none"> • Case files • ID applications 	1 583 160 2 364 4 139 870 3 563 225 - 217 - - 31 496 643 761 598 30 735 045

Service Delivery Achievements

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
DHA Strategic Objective 1: To provide secure, efficient and accessible civic and related services and products to citizens and legitimate residents within specified timeframes						
1.1	Accessibility enhanced through establishment of targeted service delivery points	Number of additional permanent service delivery points established / increase in services offered	1.1.1	28 additional permanent service delivery points established / services offered increased	Achieved Not all pre-identified offices were opened. Total number of new service points amounts to 45	Customer Service Centre (Channel Management)
1.2	Products and services rendered within specified time frames	Degree of compliance with specified timeframes in respect of number of days to issue unabridged birth, marriage and death (BMD) certificates for new registrations	1.2.1	85% of all applications for unabridged BMD certificates for new registrations correctly processed and issued within one day	Not achieved The required modification functions could not be developed due to a lack of programming expertise in the Department	Status Services
		Degree of compliance with specified timeframes in respect of number of days to issue IDs (first issue)	1.2.2	Applications for IDs (first issue) correctly processed and issued within 60 days	Achieved Average of 40 days was achieved	Identification
		Degree of compliance with specified timeframes in respect of number of days to issue IDs (re-issue)	1.2.3	Applications for IDs (re-issue) correctly processed and issued within 56 days	Achieved Average of 40 days was achieved	Identification
		Degree of compliance with specified timeframes in respect of number of days to issue IDs (temporary IDs)	1.2.4	Applications for IDs (temporary IDs) correctly processed and issued within one day	Achieved Turnaround time of 1 day was achieved at 217 offices where online fingerprint verification technology is implemented	Identification
		Degree of compliance with specified timeframes in respect of number of days to issue passports	1.2.5	Passport applications correctly processed and issued within 10 days	Not achieved New passport system was only commissioned in April 2009	Status Services
		Degree of compliance with specified timeframes in respect of number of months to issue citizenship certificates	1.2.6	Citizenship certificates correctly processed and issued within 6 months	Not achieved Due to the multitude of processes involved to obtain naturalisations, the target is seldomly achieved	Status Services

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Degree of compliance with specified timeframes in respect of number of days to issue temporary and emergency passports	1.2.7	Temporary and emergency travel certificates issued within one day	Achieved 217 offices have online fingerprint verification. Heads of office are also empowered to approve issuance without prior fingerprint verification in exceptional cases of emergency	Status Services
		Degree of compliance with specified timeframes in respect of number of days to issue abridged birth, marriage and death certificates	1.2.8	Abridged birth, marriage and death certificates issued on the same day	Achieved Procedurally, DHA offices must register births of persons from 0 to 15 years and issue birth certificates on the same day	Status Services
1.3	Secured civics related processes, systems, records and enabling documents to combat fraud and corruption	Degree (%) of late registration of birth process rolled out	1.3.1	New late registration process fully rolled out	Achieved The new late registration process was fully rolled out to all provinces	Identification
		Status of ID card pilot	1.3.2	ID card pilot completed	Not achieved Due to lengthy delays in the awarding of the tender, the tender was cancelled	HANIS
		Percentage (%) of new ID cards rolled out	1.3.3	Not Applicable	Not achieved Due to lengthy delays in the awarding of the tender, the tender was cancelled	HANIS
		Percentage (%) of data cleaned up (multiple persons sharing same ID number)	1.3.4	20% of affected records cleaned up	Achieved 12 077 cases resolved	Identification
		Percentage (%) of data cleaned up (one person with multiple ID numbers)	1.3.5	10% of affected records cleaned up	Achieved 5 683 cases resolved	Identification
1.4	Birth, marriage and death (BMD) records digitised	Percentage (%) of BMD records digitised		Business case finalised and funding secured	Achieved Business case was developed	Status Services
DHA Strategic Objective 6: To create an enabling environment by putting in place support services that are effective, efficient, integrated and that prevent corruption						
6.1	Business processes and systems re-engineered to enhance efficiency	Re-engineered status (degree) of processes and systems	6.1.1	Key core and support business processes and systems re-engineered	Achieved. ID, passport, amendment/rectification split finalised	Management

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
6.6	Improved customer interaction by focusing on customers and their needs and rendering services in a professional manner	Status / Number of centres of excellence established	6.6.1	Planning phase for centres of excellence completed	Achieved Plans for various model offices were developed and approved	Customer Service Centre (Channel Management)
		Number of offices refurbished to adhere to minimum standards in respect of corporate identity	6.6.2	33 offices refurbished according to minimum standards	Achieved Refurbishment of 33 offices was finalised	Customer Service Centre (Channel Management)
6.7	Efficient and effective services provided through the Client Service Centre	Percentage (%) of call resolution by ramped-up contact centre	6.7.1	80% of calls answered within 20 seconds at the contact centre	Achieved 96.25% of calls answered within 20 seconds	Customer Service Centre (Channel Management)

PROGRAMME 3: IMMIGRATION SERVICES

Purpose: To control immigration taking into account South Africa's skills needs and manage refugees and asylum seekers in South Africa.

Measurable Objectives

- Improve control of the immigration of various categories of foreigners into and out of the country by reducing the time taken specifically on the following:
 - Issue visas: from 10 days in 2007/08 to 3 days by the end of 2010/11
 - Issue section 22 asylum permits: from 5 days to same day issue by the end of 2010/11
 - Issue refugee status determinations: from 12 months to 1 month by the end of 2010/11
 - Issue temporary residence permits: from 24 weeks to 4 weeks by 2010/11
 - Issue permanent residence permits: from 18 months to 4 months in 2010/11
 - Issue refugee Identity Documents: from 6 months to 3 months by the end of 2008/09
- Maintain clearance times of 1.5 to 2 minutes per traveller for the movement of travellers (South African citizens and foreigners) through land and air border posts
- Increase the percentage of detained illegal foreigners successfully deported within 30 days from date of arrest or 90 days from date of court warrant from 90 per cent to 95 per cent by the end 2009/10 through more effective management of the Lindela holding facility and increasing deportations directly from provinces
- Improve the asylum management process for political refugees, specifically by:
 - Developing five fully-functional refugee reception centres of excellence: in Johannesburg in 2008/09, Cape Town and Durban by 2009/10, and Port Elizabeth and Marabastad (Pretoria) by 2010/11
 - Completely eliminating the backlog of 68 585 outstanding asylum applications not yet processed, by the end of 2008/09
- Improve immigration services by monitoring compliance with basic standard operating procedures at all national immigration service points through statistical analyses of information reported in managers' monthly reports
- Process travel documents for the additional influx of visitors for the 2010 FIFA World Cup and improve movement control systems by increasing the number of permanent immigration officers from 814 to 1 668 and introducing online real time, and biometric systems by the end of 2010/11.

Service Delivery Objectives and Indicators

Performance Indicator	Target	Actual	Reason(s) for Deviation
Number of days to issue section 22 asylum permits	1	1	Not applicable
Number of months to issue refugee status determination	6	6	Not applicable
Number of days to issue refugee ID documents	90	90 for manual issuance	Not applicable
Total number of arrivals and departures cleared	28,130 829	27,913 971	Number of arrivals and departures less than projected
Clearance time for entry and exit of travellers (in minutes)	1.5-2	1.5-2	Not applicable

Service Delivery Achievements

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
DHA Strategic Objective 2: To manage migration effectively by enabling the movement of skilled workers into the country and efficiently and securely facilitating the entry, stay and exit of visitors.						
2.1	Drastically improve service delivery to large corporate accounts and grow the number of accounts serviced	Number of targeted accounts serviced	2.1.1	50 large accounts serviced	Achieved 35 Large accounts maintained and 17 additional accounts selected and serviced	Admissions (Permits)
		Customer satisfaction index	2.1.2	Baseline established	Achieved Satisfaction Index established	Admissions (Permits)
2.2	Products and services rendered within specified time frames to facilitate movement of skilled persons	Degree of compliance with specified timeframes for Temporary Residence Permit (TRP) application	2.2.1	6 - 8 weeks for issuance of TRP applications	Achieved Temporary residence permits issued within 6 weeks	Admissions (Permits)
		Degree of compliance with specified timeframes for permanent residence permits (PRP)	2.2.2	8 months for issuance of PR permits	Achieved All current PRP applications issued in an average timeframe of 7 months	Admissions (Permits)
		Degree of compliance with specified timeframes for visas issued	2.2.3	5 days for issuance of visas	Achieved Visa applications finalised within 5 working days (on average)	Admissions (Permits)
		Percentage (%) of travellers cleared in targeted time through streamlined processes	2.2.4	Travellers cleared within 1.5 - 2 minutes	Achieved Average clearing time of 1.5 to 2 minutes	Admissions (Port Control)
		Degree of compliance with respect of number of days taken to issue corporate, general and intra-company transfer permits to selected corporate clients	2.2.5	Corporate, general and intra company transfer permits issued to selected corporate clients in a phased-in manner within 15 working days	Achieved Corporate, general and intra-company transfer work permits in respect of large account holders issued within 15 days	Admissions (Permits)
		Degree of compliance with specified timeframes with regard to business permits issued to investors	2.2.6	Business permits issued within 6 to 8 weeks	Achieved Business permits issued within 6 weeks to large investors	Admissions (Permits)

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Number of quota permits issued in the next 3 year period	2.2.7	2000 quota permits issued	Achieved Total of 2393 quota work permits issued to foreigners with scarce and critical skills	Admissions (Permits)
2.3	DHA presence at foreign offices expanded	Number of additional foreign offices managed and capacitated by DHA officials (placement of officials)	2.3.1	10 additional foreign offices managed and capacitated by DHA	Not achieved Roll out plan finalized. Negotiations with the UK, Germany, Egypt, UAE, Hong Kong, India and Netherlands have been finalised	Foreign Missions
2.4	Capacity of Airline Liaison function at airports abroad strengthened	Status in capacitation of Airline Liaison function	2.4.1	Rollout plan to capacitate Airline Liaison function implemented	Not achieved Awaiting approval from Directors-General of DHA and DFA	Admissions (Port Control)
		Number of Airline Liaison Officers (ALOs) deployed	2.4.2	7 ALOs deployed	Not achieved Review of the criteria used to determine risk / locations for placements of ALOs. In discussions with stakeholders regarding recruitment	Admissions (Port Control)
2.5	Illegal migration efficiently and effectively managed in respect of law enforcement	Status of development and implementation of Law Enforcement strategy	2.5.1	Law Enforcement strategy and implementation initiated	Achieved EXCO adopted the Law Enforcement strategy	Immigration Control (Law Enforcement)
		Status of the implementation of systems and processes	2.5.2	Inspectorate systems and standardised processes implemented	Not achieved Xenophobia incident demanded the re-deployment of essential resources and capacity from the Inspectorate. This was compounded by the establishment of the Musina Refugee Reception Office	Immigration Control (Deportations)
		Status of capacity building	2.5.3	100% capacity building in Inspectorate accomplished	Not achieved Moratorium placed on the recruitment of personnel	Immigration Control (Law Enforcement)
2.6	Management of transit travellers improved through policy development and implementation	Status of policy development and implementation	2.6.1	Policy and implementation framework developed and implemented at OR Tambo	Not achieved A matrix assisting with the profiling of travellers to be developed in cooperation with JCPS role-players. Finalisation of the matrix is still in progress requiring sign-off by departmental principals	Admissions (Permits)

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
DHA Strategic Objective 3: To determine the status of asylum seekers and manage refugee affairs in accordance with international treaties and the bill of rights as enshrined in the constitution						
3.1	Products and services rendered within specified timeframes	Degree of compliance with specified timeframes in respect of number of days to issue section 22 asylum permits	3.1.1	Section 22 permits issued in one day	Achieved 64,373 Asylum Temporary Permits issued same day in terms of section 22 of the Refugees Act	Refugee Affairs
		Degree of compliance with specified timeframes in respect of number of days to issue refugee status determination and asylum granted within specified period	3.1.2	Refugee status issued and asylum granted within six months	Achieved Refugee status determination and granting of asylum finalised within 6 months (on average) A total of 3 746 refugee status were granted within the required period	Refugee Affairs
		Degree of compliance with specified timeframes in respect of number of days for referral and review of manifestly unfounded decisions to Standing Committee on Refugee Affairs (SCRA)	3.1.3	Referral and review of manifestly unfounded decisions to SCRA processed within set timeframes as indicated in signed SLA	Achieved Compliance level established through monitoring and evaluation (M&E)	Refugee Affairs
		Percentage (%) of cases finalised by Refugee Appeal Board (RAB) within targeted period as per SLA	3.1.4	100 % of all cases finalised by Refugee Appeal Board within set timeframes as per signed SLA	Not achieved SLA signed by NIB but RAB signature still outstanding.	Refugee Affairs
		Percentage (%) of refugee IDs issued within targeted period	3.1.5	Refugee ID documents issued within three months	Not achieved Refugee system crashed in April 2008. Currently dealing with backlog. 100% of manual issuance of Refugee ID completed within 3 months. 2 157 Refugee ID books issued to refugees between January and March 2009	Refugee Affairs

MO No.	Measurable Output	Performance Indicator	Target No.	Target 2008/09	Progress (Actual)	Sub Programme
		Percentage (%) of refugee travel documents issued within targeted period	3.1.6	Refugee travel documents issued within 10 days	Achieved Refugee Travel documents issued within 10 days (on average) A total of 482 Refugee Travel Documents issued within the targeted period	Refugee Affairs
		Number of asylum applications as part of backlog eliminated	3.1.7	Backlog of 68 585 asylum applications eliminated	Withdrawn Backlog project finalised and exit report finalised	Refugee Affairs
3.2	Asylum management processes for political refugees improved	Number of fully functional refugee reception centres of excellence developed	3.1.8	One fully functional refugee reception centre of excellence developed	Withdrawn All current offices were refurbished or located to new offices	Refugee Affairs
DHA Strategic Objective 4: To foster domestic, regional and international co-operation towards improved economic growth and development, including events with strategic importance to the country, such as the 2010 FIFA World Cup						
4.1	DHA effectively equipped to manage special events such as FIFA 2010 World Cup and the Confederation Cup 2009, etc	Status of conceptual design in preparation for 2010 FIFA World Cup	4.1.1	Conceptual design in place that addresses processes, systems and capacity for Confederation Cup 2009	Achieved User requirements and conceptual design completed and signed off by sponsor	Admissions: (2010 Project Management)
DHA Strategic Objective 6: To create an enabling environment by putting in place support services that are effective, efficient, integrated and that prevent corruption						
6.1	Business processes and systems re-engineered to enhance efficiency	Re-engineered status (degree) of processes and systems	6.1.1	Key core and support business processes and systems re-engineered	Achieved Incident System rolled out to Ports of Entry	Immigration Control

PROGRAMME 4: TRANSFERS TO AGENCIES

Purpose: Provide financial support to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

Aim

The main function of Transfers to Agencies is to fund the Film and Publication Board, the Government Printing Works and the Electoral Commission.

- Film and Publication Board funds the classification work of the Film and Publication Board and the Film and Publication Review Board.
- Government Printing Works provides high security printing of face value documents (passports, Identity Documents, birth and death certificates, examinations, etc) and also supplies stationery to government departments and to make government publications available for sale to the public.
- Electoral Commission Acts provides for the establishment and composition of the IEC to manage elections and referendums and makes provision for the establishment of an Electoral Court in terms of the independent Electoral Commission Act (1996).

PROGRAMME POLICY DEVELOPMENTS

The Electoral Commission (IEC)

The Electoral Commission is a constitutional institution reporting directly to Parliament. Its vision is to strengthen constitutional democracy through the delivery of free and fair elections.

The Commission improved voter access to registration and voting stations in preparation for the 2009 elections. A total of 19 726 voting districts and stations were delimited for the 2009 national and provincial elections – an additional 853 voting stations (5 % increase) from 18 873 voting districts and stations used in the 2006 municipal elections. The increase in voting districts has meant that the average number of registered voters per voting district and voting station decreased between elections, despite the overall increase in the number of registered voters.

The registration figures for the reporting period showed a net increase of 2,875 861 registrations. The total number of eligible voters at the end of March 2009 was 23,167 604 – which is the highest number of registered voters on the voters roll since it was first compiled in 1998.

In total, there were 157 registered political parties at the end of the reporting period. Of these, 118 parties were registered at National and 39 at Municipal Level.

During the period under review, 161 by-elections were held to fill ward vacancies, compared to 65 by-elections in the previous year.

The Commission received R1 039 393 000 for the year under review by way of a parliamentary grant.

Outputs and Service Delivery Trends

Sub-programme	Outputs	Performance measure / service delivery Indicators	Actual performance/ quantity
Film and Publication Board	To make timely transfer payments	Timely transfer payments done twice a year	Payments done twice a year
Government Printing Works	To make timely transfer payments	Timely transfer payments done annually	Payments done on an annual basis
Electoral Commission	To make timely transfer payments	Timely transfer payments done monthly	Payments done on a monthly basis

Transfer Payments

Name of Institution	Amount Transferred (R'000)	Estimated Expenditure (R'000)
Film and Publication Board	33 519	33 519
Government Printing Works	137 425	137 425
Electoral Commission	1 039 393	1 039 393

The Film and Publication Board (the "Board")

A Schedule 3A National Public Entity in terms of the Public Finance Management Act, the Board was established in terms of section 3(1)(a) of the Films and Publications Act, No 65 of 1996 (the "Act"), with the Deputy Minister of Home Affairs as its Executive Authority. The Board is responsible for the implementation of the Act, which regulates the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications. The Board also contributes to the effective achievement of the Act's objectives to make the use of children in pornographic films or publications or the internet punishable by working closely with police, prosecutors and other organisations involved in the welfare and protection of children.

For the year 2008/09, operating with a grant of R33,519 million, supplemented by R10,319 million generated by classification and registration fees, R996 592 from interest on investments, R10,050 from selling of tender documents and R 50 000 sponsorship for the National Indaba on child pornography, the Board examined and classified a total of 5 241 products, as compared to 7 097 products for the 2007/08 financial year.

Type of Material (Films, Games and Publications)	Number Classified
Films	4 413
Games	739
Publications	89

The Board submits its own, separate audited financial statements and annual report to Parliament through the Minister of Home Affairs. It also submits, in accordance with the requirements of the Public Finance Management Act, monthly and quarterly reports to its Executive Authority through the Director-General of Home Affairs.

The Government Printing Works (GPW)

The Government Printing Works operates a Trade Account and consequently must be ran on purely business principles, involving among others, prompt decision making governed by market forces. The GPW operates within the public service milieu. This dichotomy militates against the need for the application of business principles across all spheres of its activities, from staff recruitment through service conditions, procurement policies to business relationship with clientele.

Though the institution has an autonomous structure and mandate, final decision-making on most crucial administrative issues do not reside within the organisation; making the administrative process at times not only cumbersome but also lengthy as final authority to carry out certain functions must come from the Department of Home Affairs. This situation invariably impacts negatively on service delivery.

The principal clientele of the GPW are state departments and their statutory bodies. It provides services to them at cost recoverable basis. However, service delivery has been adversely affected by problems emanating from its human and material resources. In the field of human resources, it continues to lose experienced and qualified artisans and administrative personnel to the private printing sector because the latter offers attractive remuneration packages.

This invariably impacts on service delivery in terms of the lack of capacity to provide certain services at all, by the delivery date or qualitatively. Inevitably, the GPW is as a result compelled to outsource a greater percentage of jobs. Furthermore, the situation is compounded by the absence of any compulsion for government departments to use the Government Printing Work to meet their printing and allied needs as hitherto prevails until the advent of the PFMA.

The following statistics reflect the activities of the Printing Unit of the Government Printing Works for 2008/09:

Production Statistics

Product	2007/08	2008/09	% Variance
Passports (Books)	1,131 578	1,259 611	11.0
Identity Documents (Books)	2,181 271	2,499 419	15.0
Examinations (Books)	23,197 867	38,794 029	67.0
Government Gazettes (Copies)	3,568 228	3,125 700	-12.0
Revenue Stamps (Number of Sheets)	41 400	50 000	20.8



Part Three:

Statutory Requirements

Report of the Audit Committees:

Department of Home Affairs

Government Printing Works

Annual Financial Statements:

Department of Home Affairs

Government Printing Works

Human Resources Management:

Department of Home Affairs

Government Printing Works



DEPARTMENT OF HOME AFFAIRS REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2009

The Audit Committee is pleased to present its report in respect of the financial year ended 31 March 2009 in terms of its obligations according to the Treasury Regulations Paragraph 3.1.13 issued in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, section 38(1) (a) as amended by Act 29 of 1999.

1. AUDIT COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

The Department has established an Audit Committee in accordance with the provisions of section 38(1)(a)(ii) and 77(a) of the PFMA. The Audit Committee Charter requires that the Audit Committee should comprise of five members the majority of which should be from outside the public service. This membership includes the Director-General who is an ex officio member. The Department appointed two additional audit committee members with legal and human capital specialisation backgrounds during the current financial year.

In terms of section 77(b) of the PFMA, the Audit Committee must meet at least twice a year. The Audit Committee of the Department complied with the provisions of the PFMA by holding four meetings in respect of the financial year ended and these were attended as follows:

Name of Member	Number of Meetings
Ms LBR Mthembu (Chairperson)	3
Mr N Russouw (External Member)	4
Mr LL Dhlomo-Ntuli (appointed w.e.f February 2009)	1
Mr FJ van der Westhuisen (appointed w.e.f February 2009)	1
Mr M Msimang - Director-General (Ex officio Member)	2

The Chairperson of the Audit Committee met individually with the Director-General and on several occasions with management of the Chief Directorate: Audit Services.

2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has complied with its responsibilities arising from section 38(1)(a)(ii) of the PFMA and Treasury Regulations, paragraph 3.1.13, and also reports that it operated in terms of the 2008/09 approved Audit Committee Charter read in conjunction with the Internal Audit Charter, as its terms of reference in discharging all its responsibilities as regulated therein.

3. EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control were evaluated by both Internal Audit and Auditor-General (external audit). The focus of the current year was on strengthening and consolidating the internal audit work undertaken by the Chief Directorate: Audit Services. The Department developed, implemented and executed a comprehensive internal control improvement plan which yielded marked performance improvement results during the year. This plan was partnered and aligned to the departmental strategic and performance Turnaround plan focusing on leadership and management improvement. Significant efforts were made with the effective and efficient implementation of all the findings resulting from both internal audit and other sources. All the above resulted in significant improvement in the quality of, and the implementation and execution of adequate internal control and work

procedures. An audit register was developed and maintained to ensure that identified internal control weaknesses are addressed by management. The improvements are evident from:

- The decrease in the number reported instances by the Office of the Auditor-General of non-conformity with prescribed internal control and best practice;
- The opinion expressed by the Auditor-General for the year under review, being a qualified opinion, as opposed to a disclaimer in respect of the financial year ended 31 March 2008;

However, a significant amount of work still needs to be done in respect of the formalisation of policies and procedures and the development of a control compliance culture within the Department. The Audit Committee also noted the slow progress made by the Department with regard to filling its vacant and funded positions and the negative impact which this process had on the ability of the Department to deliver its service in terms of its mandate. Emphasis was placed on the finalisation of the migration process and urgency to ensure that critical posts are filled.

4. SPECIFIC FOCUS AREAS GOING FORWARD

The Audit Committee noted improvements in the finalisation of the audit of the Department in respect of the financial year ended 31 March 2009. In the ensuing 2009/10 financial year, the Audit Committee will continue to develop comprehensive and integrated intervention programmes to focus more attention on areas reported on by the Auditor-General.

Such intervention programmes will include, but not limited, to the following:

- Facilitation of the establishment and monitoring of a performance information management framework as required by National Treasury;
- Implementation of a zero-tolerance culture to fraud and corruption in compliance with the fraud prevention plan;
- The establishment and implementation of an Enterprise-Wide Risk management system in compliance with the risk management strategy;
- The improvement of safe record keeping capacity, policies and procedures in compliance with the prescripts in archiving;
- Monitoring the process of the enhancement and development of the Human Resources Business Unit through the implementation of a single human capital strategic business plan;
- Continuing with scrutiny, monitoring and controlling the entire financial management improvement plan with special attention to the clearing of suspense accounts, management of revenue, accounts payables and all accounts relating to assets;
- Emphasis on continuous service delivery improvements.

5. THE QUALITY OF ANNUAL MANAGEMENT AND MONTHLY AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT

The Audit Committee has noted and is satisfied with the content and quality of the monthly and quarterly reports prepared and issued by the Department during the year under review, in compliance with the statutory reporting framework. However, the Department must establish a performance management reporting system with effective and meaningful monthly and quarterly information for effective decision making. This will include effective service delivery monitoring and evaluation mechanisms with early warning systems to trigger prompt corrective measures.

6. INTERNAL AUDIT FUNCTION

The Audit Committee works in close co-operation with the Chief Directorate: Audit Services in its oversight responsibility of the internal audit function. The annual and three-year risk based internal audit plans were developed by internal audit in consultation with executive leadership and approved by the Audit Committee. The plan was effectively implemented during the year with the assistance of a third party co-sourcing partner. A comprehensive plan was developed and implemented for addressing all internal control weaknesses identified.

Furthermore, in the 2008/09 financial year, the Audit Committee noted the following efforts made by the Department to improve the functioning of the internal audit function by:

- The engagement of a co-sourcing partner to strengthen and improve the capacity within the internal audit function to execute its mandate;
- The addressing and implementation of risk management strategy to identify and prioritise key strategic and operational risks and to ensure action is taken to effectively address such risks.

The Audit Committee is satisfied with all monthly and quarterly internal audit reports received. These reports were discussed and formally adopted at the Audit Committee meetings.

7. AUDITOR-GENERAL'S REPORT EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited financial statements with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's responses;
- reviewed changes in accounting policies and practices, and
- reviewed significant adjustments resulting from the audit.

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



Ms Londiwe Mthembu
Chairperson of the Audit Committee

GOVERNMENT PRINTING WORKS REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2009

We are pleased to present our report for the financial year ended 31 March 2009.

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder. During the year under review, six meetings were held.

Name of Member	Number of meetings Attended
Ms. M A F Moja (Chairperson)	5
Mr. A Keyser	6
Mr. D Braitwaithe	4
Mr. S Masuku (resigned in October 2008)	2

2. AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No 1 of 1999 and Treasury Regulation 3.1. We further report that we conducted our affairs in compliance with this Charter.

3. THE EFFECTIVENESS OF INTERNAL CONTROL

Due to limited internal audit resources, the scope of work performed was limited to an extent that we were unable to express an informed opinion on the effectiveness of internal control systems within Government Printing Works (GPW).

4. EVALUATION OF FINANCIAL STATEMENTS

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General of South Africa and the Accounting Officer;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- There were no significant changes in accounting policies and practices;
- Reviewed the department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

We concur with, and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited financial statements should be accepted, read together with the report of the Auditor-General of South Africa.

5. INTERNAL AUDIT

The Internal Audit unit was not sufficiently resourced during the year. This led to a limited scope of work being carried out. However, management is addressing the matter at an executive level.



Chairperson of the Audit Committee
Date: 31 July 2009

The background of the page features a stack of papers with two South African identity documents (ID cards) placed on top. The documents are in both Afrikaans and English, with the text 'REPUBLIEK VAN SUID-AFRIKA / REPUBLIC OF SOUTH AFRICA' and 'IDENTITEITSDOKUMENT / IDENTITY DOCUMENT' visible. The top document is slightly offset to the right and top, while the bottom document is more centered. The overall image has a green gradient overlay.

Annual Financial Statements

Department of Home Affairs

**DEPARTMENT OF HOME AFFAIRS
VOTE 4**

ANNUAL FINANCIAL STATEMENTS for the year end 31March 2009

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DEPARTMENT OF HOME AFFAIRS - VOTE 4

Annual Financial Statements for the year ended 31 March 2009

REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2009

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

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. INTRODUCTION

The Department of Home Affairs is responsible for determining the status of any person in the country, issuing that person with the relevant documentation as a citizen, permanent or temporary resident, visitor, asylum seeker or refugee. Persons found to be illegal in the country are deported to their country of origin.

The year under review was characterised by several opportunities that the Department harnessed to ensure that the mandate and expectations of Government and civil society, as reflected in the Strategic Plan of the Department, were met. This was despite the continued challenges and transformation processes that were underway at the Department in the 2008/09 financial year.

Increasingly, there was a growing understanding within Government and civil society of the strategic importance of the Department of Home Affairs, which is mandated to provide secure and efficient Civic and Immigration Services.

This mandate, which is delivered to citizens and other clients through the Civic Services and National Immigration Branches, accounts for the greater part of the budget as reflected in Programmes 2 and 3 of the Vote, respectively.

Programme 1 provides for essential support functions including overall management, information services, human resource management and financial management. The role of the support branches and other

support units is to enable Civic and Immigration Services to be delivered more securely and effectively.

A summary of the financial performance is reflected below and should be read with the detailed financial statements attached hereto.

2. FINANCIAL PERFORMANCE - REVENUE

During the year under review, the Department received total revenue of R5,172 billion made up of voted and non-voted funds.

(i) Annual Appropriation – R 4,816 billion

The Department received a budget allocation of R4,816 billion for the year under review inclusive of adjusted estimates, which represents an increase of 36,8% from the previous year's allocation of R3,520 billion. The main reason for the increase is attributed to the increase in transfers to the Electoral Commission (IEC), from R485,250 million (2007/08) to R1 039,393 million (2008/09). The increased allocation to the IEC is 114% and was for the national elections held in April 2009.

Should the IEC increased allocation be excluded from the department's allocations, then the year-on-year increase amounts to approximately 21% to address for the Department's normal and strategic programmes and activities.

(ii) Departmental Revenue – R355,6 million

Departmental revenue is derived from services rendered to citizens and foreigners visiting our shores according to approved tariffs. Services to citizen range from issuing of birth registration certificates to identification books to passports among others. Services to foreigners range from visas to a multitude of permits to permanent resident certificates. Fines are also issued to individuals and local and foreign transportation carriers where their administrative documentation is incomplete. These fines are subject to appeal.

Of the revenue collected during the year, an amount of R322,2 million was paid over to the National Revenue Fund while R33,4 million has accrued to the National Revenue Fund.

2.1 Tariff Policy

As prescribed by Treasury Regulation 7.3, the Department reviews its tariffs annually for fees charged for enabling documents issued in terms of the enabling documents produced during the financial year.

During the year under review, the Department submitted tariffs to National Treasury for annual adjustments. These adjustments were approved but final sign off was received in the latter part of the financial year and it was not considered practical to implement the changes at that point in time. The approved and signed off tariffs will be implemented from 1 April 2009.

2.2 Free Services

There were no material free services that resulted in the Department waiving the prescribed fees for enabling documents.

2.3 Utilisation of Donor Funds

During the year under review the Department did not receive any donor funds.

3. FINANCIAL PERFORMANCE - EXPENDITURE

Total expenditure for the year amounted to R4,667 billion, which amounts to a 44% increase from 2007/08. The Department spent an impressive 96,9% of the total budget allocation of the R4,816 billion for the year under review.

3.1 Appropriation per Programme

A summary of the appropriation per programme is reflected below.

Appropriation	2008/09				2007/08	
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Actual % Spent %	Final Appropriation R'000	Actual Expenditure R'000
Programme 1: Administration	1 365 380	1 365 360	20	100.0	1 164 200	1 083 067
Programme 2: Services To Citizens	1 258 111	1 143 893	114 218	90.9	1 132 906	911 256
Programme 3: Immigration Services	982 780	946 970	35 810	96.4	609 124	632 736
Programme 4: Transfers To Agencies	1 210 337	1 210 337	-	100.0	614 668	614 668
Total	4 816 608	4 666 560	150 048	96.9	3 520 898	3 241 727

Total under-spending for the year amounted to R150 million (3,1%), which is attributed mainly to two projects:

- The ID Smart Card Project (R114,2 million), which did not materialise; and
- The Advance Passenger Processing Project (APP) (R35,8 million), which contract was concluded on 14 February 2009 but expenditure will only be incurred in the new financial year.

3.2 Virement

In the year under review the Department declared most of its expenditure as operational, hence as projects were rolled out the Department shifted R 180,202 million from current expenditure to Transfers and Subsidies and Payment of Capital Assets. The split of where the funds were shifted from/to is disclosed in the table below.

Items	Programme 1 Administration R' 000	Programme 2 Services to Citizens R '000	Programme 3 Immigration Services R '000	Total R' 000
Compensation of Employees	(73 786)	(21 934)	(15 785)	(111 505)
Goods and Services	9 084	(65 590)	(12 191)	(68 697)
Transfers and Subsidies	1 335	4 465	1 724	7 524
Payments of Capital Assets	38 169	115 412	19 097	172 678
Total	(25 198)	32 353	(7 155)	-

Approval was granted by the Director-General for these virements to be done and the Ministry and National Treasury were informed of these virements.

Refer to the note 4 of the Appropriation Statement for more details on the savings on the various programmes.

3.3 Inventories

Inventory on hand at year-end is as follows:

Category	Amount 2008/09	Amount 2007/08	Method Of Costing
Controlled Stationery	R11 627 069	R7 313 483	Actual Cost

The actual expenditure incurred by the Department in the year under review is disclosed in note 4.5 – "Inventory under Goods and Services" in the line item "Stationery and Printing". The amounts reflected in note 4.5 includes actual inventory relating to security printing material while only the value of unused controlled stationery on hand at year is disclosed above.

3.4 Irregular Expenditure

As disclosed in note 23 to the annual financial statements, irregular expenditure to the amount of R 198,2 million was incurred during the current year. Of this, R 130,6 million, which was incurred in the current financial year, relates to non-compliance of procurement processes by the State Information Technology Agency (SITA) in 2006. The Office of

the Auditor-General advised the Department to engage the Minister of Public Services and Administration, who has the authority in this case, to regularise the processes within the SITA.

In addition, R66,8 million emanates from payments made on deportation transport contracts that had expired. The Department participated in the transversal contract without prior written approval from National Treasury as required in terms of Treasury Regulation 16 A 6.6. An application to National Treasury to have the expenditure condoned is in progress.

R0,7 million relates to procurement regulations that were not adhered to. The R0,7 million irregular expenditure was condoned during the current year by the Accounting Officer after all such irregularities were investigated. The Department is also currently awaiting condonement of R1,9 million irregular expenditure, incurred in prior periods.

Condonement of the finance lease payments amounting to R40,9 million included in the R 130,6 million, referred to above, by National Treasury has been approved subsequent to year-end.

3.5 Other Material Matters

As reported by the Auditor General in the management report, the Accounting Officer did not comply with the provisions of Practice Note 5 of 2005. The Department sought *ex facto* permission from the National Treasury to approve the finance lease entered into in December 2007, and such approval has been received.

In the year under review, the Department entered into an operating lease for the renting of equipment. The Auditor-General deemed certain clauses within the lease to pass significant risk of ownership to the Department. The Department has engaged with the service provider to amend the respective clauses to ensure that the Department's risks are mitigated.

4. FINANCIAL PERFORMANCE: SURPLUS FOR YEAR UNDER REVIEW

The surplus for the year amounted to R505,721 million, which represents a decrease in the surplus from the 2007/08 financial year of R700,294 million or 28%. The surplus is represented by:

Voted Funds	R150,048 million
Departmental Revenue	R355,673 million

5. FINANCIAL POSITION FOR YEAR UNDER REVIEW

The Department reflects a Net Assets position of R 4,080 million compared to a Net Liabilities position of R0,133 million in 2007/08. Details of the assets and liabilities are fully set out in the notes to the annual financial statements.

6. SERVICES RENDERED BY THE DEPARTMENT

6.1 Core Functions

The Department is entrusted with two core functions as part of its governing mandate. The two main services rendered are: -

- Services to Citizens; and
- Immigration Services.

The functions of these main Branches are described below.

6.2 Services to Citizens

With respect to Civic Services, its key role is to secure and register the identity of citizens; determine their status and to issue related enabling documents such as Identity Documents, passports and birth, marriage and death certificates. The strategic importance of these services cannot be understated. These range from enabling access to constitutional rights, to the impact on the lives of citizens and to issues of personal and state security.

In the reporting period, a number of important gains were made, while a number of large systemic challenges still need to be overcome. A major gain was the transformation of the processing of IDs, both in terms of faster turnaround times and measures to improve security. Through a redesigned process, changes were effected in the frontline offices, such as reducing errors, as well as in the back office through efficiency gains of over 300% in some units.

Citizens experienced a far better level of service through the use of the Track and Trace system that was linked to the call centre and the use of SMS notification. The use of better management information has begun to strengthen management generally and has aided fraud detection. Lessons learned from transforming the ID process are being applied to other key processes and are at varying stages of development. This is reflected in faster turnaround times for other key civic services, such as the issuance of passports.

A large scale programme of providing IDs to 16 year-olds was undertaken in co-operation with the Department of Education and IDs were provided on request to all those who had a right to vote in the national elections but who did not have the document.

Access to Civic Services was also improved through adding a number of service points where there were serious gaps, by refurbishing a number of offices and by improving the functionality and use of mobile units. Change management projects that were initiated have begun to impact positively on Civic Services. These include engaging with front office managers and supervisors and providing them with the competencies and tools needed to improve the management of their offices.

The client service centre mainly deals with enquiries regarding Civic Services. It was expanded during the period under review and to date it has dealt with over one million queries. Almost all calls are picked up in under 20 seconds and the majority of queries are resolved on the first call, as the centre is linked to Track and Trace and other monitoring systems.

6.3 Immigration Services

The National Immigration Branch (NIB) is responsible for the regulation of migration through ports of entry and via foreign missions and the issuance of a range of permits. It is also responsible for the determination of the status of asylum seekers and refugees and the issuing of related permits. Its Inspectorate is responsible for enforcing the Immigration Act.

In the reporting period, various Turnaround projects had a positive impact on the functions mentioned above in terms of organisational and operational effectiveness. The number of public and private companies making use of the Large Accounts Unit for the importation of scarce skills has increased.

Average turnaround times for most permits were reduced although much still needs to be done to streamline processes. In some instances changes to the regulations may also be required, and with due regard to ensuring security. The Inspectorate has redesigned their business processes and is implementing this across its units.

The largest gain in terms of efficiency was in the processing of asylum seekers. The Section 22 permit allows asylum seekers to remain in the country while they are being processed. The target of issuing of Section 22 permits within one day was achieved through improvements in our systems and in the management of our six centres that process asylum seekers. A National Immigration Information System (NIIS) was put in place that links the reception centres and enables the efficient processing of asylum seekers.

6.4 Discontinued Activities/Activities to be Discontinued

No activities were discontinued during the reporting year, and the Department does not foresee the discontinuation of any activities going forward.

6.5 New/Proposed Products or Services

No new products or services were introduced during the year under review, and no new activities are proposed for the foreseeable future.

In addition and for each of the services or products rendered by the Department, the Department is enhancing the security, systems, processes, and delivery lead times through various initiatives, which are outlined in this report.

6.6 Public Private Partnerships (PPP)

No PPPs as contemplated in the Treasury Regulations were entered into by the Department during the year under review.

7. INITIATIVES TO IMPROVE SERVICES RENDERED BY THE DEPARTMENT

7.1 Transformation Programme

From the viewpoint of citizens, those requiring permits and asylum seekers, the transformation of the Department is measured mainly by the consistent delivery of services within a specified period, such as status determination and the subsequent provision of an enabling document. It is important to understand, however, that the Turnaround of Home Affairs is essentially about the transformation of the large processes and the many people that enable the Department to verify status and to produce secure IDs, passports and permits.

Such transformation involves both the front and back offices of the Department, core information systems such as related to fingerprints, population registers and movement control as well as to effective staffing, management and governance at all levels.

The projects constituting the Turnaround Programme were designed to address all of these areas over three phases.

The first phase of the Turnaround Programme (June to December 2007) was detailed in the previous

Annual Report. It focused on baseline studies of critical areas, a subsequent redesign of the Department from the ground up and a number of substantial service delivery improvements.

These included reducing turnaround times for IDs and fast tracking certain permits that enabled scarce skills to be acquired more quickly. A Client Service Centre was also established when a survey revealed that information was the primary need of 40% of persons visiting front offices.

The 2008/09 financial year falls within the second phase of the Turnaround Programme, the main focus of which was to implement key aspects of the new service delivery model while continuing to improve service delivery. As outlined above, the largest effort was made to transform specific processes within Civic Services and the National Immigration Branch, to implement change management across the Department and to improve operational effectiveness in key areas.

The third phase falls within the coming 2009/10 financial year, the chief aim of which is to consolidate the systemic and service delivery gains made and to further improve organisational efficiency and effectiveness.

7.2 Administration and Support Services

The primary effort over the reporting period was to improve core business processes around crucial services. A number of projects were initiated to address priority challenges faced by support services. Significant progress was made in the area of Finance and Supply Chain Management, especially with regard to matters that have been raised in successive audit reports such as revenue collection and asset management.

Human Resources were successful in conducting a large number of job evaluations. Another step taken towards implementing the new organisational structure was the upgrading of a number of post categories.

Information Systems made some improvements in its delivery of services and its systems but it has continued to encounter major capacity problems. As serious is the fact that the Department has to replace a number of large systems that are outdated and this will require funding above that which has been allocated in the current budget cycle.

A number of projects will continue or be initiated in the third phase of the Turnaround Programme, which will largely conclude in the 2009/10 financial year. A few projects will continue after that period as they involve large-scale systems developments, such as the new identity card - Smart ID Card - and the Who Am I Online (WAIO) project, that involves automating key processes in the core business units of Civics and NIB.

7.3 Asset Management

The Asset Management Unit within the Finance and Supply Chain Management Branch is responsible for ensuring that processes and procedures are in place for the effective, efficient, economical and transparent use of the Department's assets. This includes implementing preventative mechanisms to eliminate theft, losses, wastage and misuse of assets.

During February 2008, the Turnaround Team at the Department commenced with a project to establish a complete Fixed Asset Register in compliance with National Treasury's guidelines and requirements. This work continued during the 2008/09 year and the Department has made significant progress in identifying, listing and valuing tangible and intangible assets.

During 2008/09 the team focussed specifically on the creation of an intangible asset register given that the Department's IT systems represent a significant percentage of total assets.

The Department's Asset Management team, in conjunction with the Turnaround team, has embarked on a process to implement a bar-coded asset management system together with revised business processes and controls, which will be implemented in the Department during the 2009/10 financial year.

The Department was able to present interim asset registers for both tangible and intangible assets to the external auditors for review and testing.

7.4 Performance Information

To comply with relevant prescripts, the Department has implemented a formal and integrated reporting framework with emphasis on quarterly progress reporting.

The aim of quarterly reviews is to track progress achieved against strategic objectives in the strategic plan via the annual performance plan (i) report on major service delivery challenges / pressure points / solutions; and (ii) report on the state of expenditure of Business Units / Provinces to enhance accountability and performance management in the Department. Significant progress was recorded with the quarterly reviews and can be attributed to:

- a. Improved planning framework implemented by the Department;
- b. Standardisation in respect of reporting;
- c. Alignment between planning, projects and other key activities in the Department; and
- d. Improved performance management in the Department.

The use of metrics for managing the operational environment is a key principle being implemented across the Department. Another principle is setting performance standards, as indicated in the Estimates of National Expenditure. These will evolve and be refined as new business processes are implemented.

7.5 Monitoring and Evaluation

The Department will also focus on the establishing of new and improving of current governance structures with regard to monitoring and evaluation. The following can be cited in this regard:

- a. Activation and capacitation of the new Monitoring and Evaluation (M&E) Chief Directorate;
- b. For operational efficiencies, Provinces have been grouped together geographically to form zones.

The expansion of the current Operations Committee (OPSCO), which is chaired by the Director-General, now includes zone management participation.

The OPSCO was established to monitor performance of core business on a weekly basis and take corrective action. Data from the Track and Trace system and other Civics and NIB related systems are used to compile accurate 'dashboards' of key statistics regarding key enabling documents;

- c. The implementation of phase 2 of the Key Performance Indicator project dealing with the establishing of a full set of performance indicators for the Department;
- d. The verification of performance reporting and performance evidence with the assistance of Internal Audit; and
- e. The development of performance management is ongoing and is dependent on the improvement of business processes, including information systems.

8. MAJOR CHALLENGES FACING THE DEPARTMENT

8.1 Corruption and Fraud

Corruption remains the single biggest challenge to the Department, both internally and externally. While additional specific measures were taken to address the problem of corruption, this is still our Achilles' heel of the Department. Measures include centralising certain functions and tightening access to others; but the major step taken was to strengthen controls on the late registration of birth, which continues to be a major target for syndicated crime. A collective effort is required by all to value their South African identity and to report criminal activity. The Department has established a code of ethics for departmental officials and set up fraud hotlines and with the Counter Corruption Unit aims to root out criminal activities. As the Department cannot succeed in this on its own efforts, the co-operative assistance is sought with other departments but most importantly, assistance is sought from the Citizens of the Country.

8.2 Capacity Constraints

During the year, the Department underwent a complete organisational redesign as part of the Turnaround Programme. This redesign was approved by the Department of Public Service and Administration in April 2008. The first phase in the implementation of this organisation redesign was to migrate Senior Management Staff (SMS) into the new organisational structure. This process involved the conducting of individual interviews, competency assessments, panel interviews and objection and appeal processes.

The SMS migration was completed at year-end. Subsequent to year-end, the Department has embarked on the process of migrating below SMS employees.

In light of these processes, certain vacant key positions were filled additional to the establishment by the Management Leadership Support (MLS) staff to facilitate leadership and management in various units of the Department during the transformation and migration process.

The MLS and contract employees acted in various critical functions across the Department and performed normal activities as required by the various posts, while the SMS migration process was underway. These MLS and contract employees are being phased out as the migration process unfolds.

8.3 Service Delivery

Determinations of asylum claims have increased from an average of less than two per day by the relevant officials to almost six per day. The sheer numbers of those currently seeking asylum, however, would swamp any system that could be put in place as the majority are found to be economic migrants and not refugees as defined under international conventions. South Africa is a signatory to. Apart from the flow of migrants resulting from events in Zimbabwe, mass economic migration is a growing global phenomenon. This requires a policy response and various options are being considered.

In the first part of the reporting period, the NIB also had to contend with the criminal and tragic wave of

xenophobia that began in the first quarter of the financial year. The Department of Provincial and Local Government was responsible for co-ordinating the efforts of Government to contain the crisis and assist the persons displaced by it.

One measure was to suspend, for a period, regulations that normally apply to the undocumented migrants that were affected. The Department during this period assisted a large number of documented and un-documented migrants in various ways and this put considerable pressure on our resources. Dealing with xenophobia and the integration of migrants in general requires the co-operation of many governments departments and civil society entities, and the Department contributed to this effort, including within communities.

8.4 Risk Management

Risk management remains the cornerstone of the initiatives and strategies that characterises the Department's daily activities. The Department faces huge reputational risk from a global perspective in that while our documents may be secure, access to them may not be as secure. This is impacting negatively on the country.

Departmental capacity constraints also hamper the mitigation of all risks identified. The Department has created the position of Director: Risk Management, which is temporarily placed under the Chief Directorate: Audit Services. This Unit continues with the facilitation of the implementation of the risk management strategies within the Department. The ultimate objective of the Risk Management Unit is to foster a risk averse culture within the Department.

9. CORPORATE GOVERNANCE

9.1 Policies and Procedures

The Department continued with its efforts towards compliance with the comprehensive requirements of corporate governance as it regards the ethos and principles of good corporate governance as an effective mechanism for encouraging efficiency in the

operations of the Department, prevention of corruption and combating of fraud.

Furthermore, the Department recognises that the existence of an adequate, effective efficient system of financial and risk management and internal control is necessary for improving operations.

Accordingly, the Department regards the existence of valid and approved policies and procedures that underpin the internal control processes as critical for the promotion of good corporate governance. The Department regards written policies and procedures as critical to help create parameters to authority and responsibility and provide some scope of precedent for action.

Consequently, the Department strives to ensure compliance by its officials with such approved policies and procedures.

9.2 Internal Audit

The Chief Directorate: Audit Services reviewed and updated the Audit Committee and the Internal Audit Charters. The Audit Committee approved these during the year. A rolling three-year strategic Internal Audit plan and the risk-based Internal Audit annual coverage/operational plan was compiled and approved by the Members of the Audit Committee. Internal audits were executed according to the 2008/09 Internal Audit operational plan and progress reports were presented to the Audit Committee throughout the financial year.

An audit register, which includes findings addressed by the Office of the Auditor-General and Internal Audit in the current and previous years, was developed and maintained. The Chief Directorate: Audit Services conducted special investigations on financial irregularities in local offices and in foreign missions. Internal Audit offered management of the Department comprehensive recommendations for improvement.

Internal Auditors continued to follow up on management's action plans in response to the external annual regulatory audit findings as identified by the Office

of the Auditor-General. The Department continues to use the services of competent external resources to augment the Internal Audit function.

9.3 Risk Management Committee

Management of the Department identified strategic and operational risks and the risk register for the year 2008/09 was developed. Critical risks were prioritised and mitigating strategies were developed to respond to those risks. Mitigating strategies were monitored throughout the year and the status of implementation was reported to the Executive Committee (EXCO) and the Audit Committee periodically during the year.

Branch Risk Representatives were appointed across the Department to ensure proper communication of risk management strategies and to continuously identify and report critical risks within their area of responsibilities.

The Department has a Fraud Prevention Plan and is in the process of establishing an Ethics Committee in 2009/10.

9.4 Audit Committee

The Department of Home Affairs has an established Audit Committee in accordance with the provisions of section 38(1)(a)(ii) and 77(a) of the Public Finance Management Act and Treasury Regulations 3.1.13. Responsibilities regulated by these statutes were fully discharged.

The Department appointed two additional Audit Committee members with independent legal and human resource expertise during the year.

In terms of section 77(b) of the PFMA, the Audit Committee must meet at least twice a year. Members of the Audit Committee held four meetings during the 2008/09 financial year, and met separately with the Internal Audit management.

The total remuneration for the year under review for Audit Committee members amounted to R124 732 as

a result of the duties performed to the Department.

10. TRADING AND PUBLIC ENTITIES

10.1 Trading Entities - Government Printing Works

Government Printing Works (GPW) is a self-funding trading entity that reports to the Accounting Officer of the Department of Home Affairs. The GPW is tasked with the rendering of printing and related services to government departments, provincial departments and local authorities. In 1999, Cabinet resolved that the GPW become a public entity but the conversion processes only commenced in earnest in 2008.

The Department of Public Service and Administration and National Treasury evaluation panel approved the conversion of GPW into a Government Component, an alternate type of entity that came into effect in the year under review.

During the year under review, the Department provided assistance to the GPW in the form of consultancy services, which was paid for by the Department. This was necessary to assist the GPW in its Turnaround and transformation processes as the success of the GPW is integral to the Department's transformation processes with regard to the production of Identity Documents, Passports and other security documents.

10.2 Public Entities - Film and Publication Board

The Film and Publication Board (FPB) is a Schedule 3A National Public Entity in terms of the Public Finance Management Act (1999). It was established in terms of the Film and Publication Act (1996), with the Deputy Minister of the Department of Home Affairs as its Executive Authority.

The FPB is responsible for implementing the Film and Publication Act, which regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games

and publications. The Act also prohibits the use of children in pornographic films or publications, or on the internet, making this a punishable offence.

The FPB is also responsible for monitoring the business of age-restricted adult premises to ensure that they are operated in strict compliance with their license and registration terms and conditions.

The FPB is funded by a transfer from the Department as well as by fees generated from its operations.

10.3 Constitutional Entities – Electoral Commission

The Electoral Commission (IEC) is a permanent body created by the Constitution to promote and safeguard democracy in South Africa. Although publicly funded and accountable to Parliament, the Commission is independent of Government. Its immediate task is the impartial management of free and fair elections at all spheres of Government.

10.4 Entities Receiving Transfer Payments

The following organisations received transfer payments from the Department:

- a. Government Printing Works: Amounts totalling **R137,425 million** were transferred to GPW representing 100 % of the final appropriation.
- b. Film and Publication Board: Amounts totalling **R33,519 million** were transferred to the FPB representing 100 % of the final appropriation.
- c. Independent Electoral Commission: Amounts totalling **R1 039,393 million** were transferred to the IEC representing 100 % of the final appropriation.

11. EVENTS AFTER THE REPORTING DATE

11.1 Previously Reported Matters

The hearings of the previously suspended senior officials were concluded. Two senior officials were found guilty and their services were terminated. One of these former officials has appealed the termination and the matter is still being heard at the Labour Court. The other two officials were not found guilty but opted for employee-initiated voluntary severance packages.

11.2 Change in Executive Authority

The Executive Authority of the Department changed further due to the General Elections in April 2009.

12. SCOPA RESOLUTIONS

The Department appeared before the Standing Committee of Public Accounts (SCOPA) during the year under review, for the 2006/07 and 2007/08 financial years' Auditor-General Reports.

The resolutions of the Committee were as follows:

Reference To Previous Audit Report And SCOPA Resolutions	Subject	Findings On Progress
2006/07 – The 26th Report of the SCOPA on the Annual Report and the Report of the Auditor General on the Financial Statements of the Department of Home Affairs for the Financial Year ended 31 March 2007, dated 10 June 2008.	Cash and Cash Equivalents	The Committee recommended that: <ul style="list-style-type: none"> • The Accounting Officer ensures that reconciliation of suspense accounts is performed monthly and reviewed by senior officials; and • Policies and procedures are developed and approved to ensure implementation of adequate controls.
	Payables	The Committee recommended that: <ul style="list-style-type: none"> • The Accounting Officer ensures that there are approved monitoring controls over the review of reconciliations, clearing of suspense accounts and that there are supporting documentation and approved policies and procedures to govern the activities of the Department.
	Capital Assets	The Committee recommended that: <ul style="list-style-type: none"> • The Accounting Officer should compile a complete asset register and that this is reviewed by management; and • Ensure that its activities are based on approved policies and procedures to ensure that officials implement adequate controls.
2007/08 – First Report of the SCOPA on the Annual Report and the Report of the Auditor General on the Financial Statements of the Department of Home Affairs for the Financial Year ended 31 March 2008, dated 10 February 2009.	Departmental Revenue and Receivables	The Committee recommended that the Accounting Officer ensures that: <ul style="list-style-type: none"> • Management implement measures at the regional and district offices to ensure that documents are available for queries and audit; • Files are properly maintained and kept up to date; and • Management implement measures to reconcile the transactions which were recorded on cash register rolls to the applications processed on the mainframe application system.
	Revenue from Foreign Missions	The Committee recommended that the Accounting Officer ensures that: <ul style="list-style-type: none"> • The Department should implement a system where every deposit paid back to foreign nationals can be traced to the deposit received. Where it is found that the Department of Foreign Affairs did not supply the Department of Home Affairs with a voucher for the deposit received, the Department of Foreign Affairs should be liable to pay the deposit back; • The Department should implement a process whereby all missions report monthly, the net revenue and expenses incurred on behalf of the Department of Home Affairs; and • The missions should maintain a register for all vouchers issued which should be faxed through to the Department monthly.

Reference To Previous Audit Report And SCOPA Resolutions	Subject	Findings On Progress
	Capital Assets	<p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> All assets are bar-coded with a unique number that should be entered into the asset register together with a proper description of the asset; The Department adhere to the guidelines set out in the Asset Management Framework; The Department must retain all primary evidence, such as invoices for a period 5 years as required by the Treasury Regulation 17.2.3; and The list of Department vehicles must be regularly reviewed and compared to the vehicles on the fixed assets register and all vehicles that belong to the Government Garage should be removed from the register.
	Leases	<p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> Policies and procedures are effectively applied to ensure proper control over lease agreements. The policies and procedure must also include supporting documentation to ensure that lease commitments are complete.
	Cash and Cash Equivalents	<p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> Reconciliation of accounts is followed up and cleared on a timely basis as required by the Treasury Regulation 17.1.2 (b); Senior personnel must be held accountable to review these accounts to ensure that adequate follow up on reconciliation occurs.
	Lindela Detention Centre	<p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> The Department must further negotiate the remuneration terms of the contract with regard to actual levels.

The Department noted the above recommendations and has put in place measures to address these recommendations.

13. COMMENTS ON MATTERS REPORTED ON BY THE AUDITOR-GENERAL IN PRIOR YEARS

13.1 Departmental Revenue and Receivables

In previous years, it was noted that the Department was unable to provide all the required supporting documentation. During the year under review the Department increased monitoring and review at various revenue administering offices by establishing a revenue support team that was responsible for among other activities: -

- Maintenance of records for core business to support revenue collected;
- Clearing the transactions which remained on the suspense accounts; and
- Facilitating the follow up and reconciliation of suspense/clearing accounts.

This resulted in the reduction of various clearing / suspense accounts, for example, the Bank Exception Account has been reduced by 91%, from R20.8 million in 2007/08 to R1.9 million in 2008/09.

The Department had regular interactions with the Department of Foreign Affairs and the Office of the Accountant-General during the financial year in order to improve co-operation and the collection and recording of financial transactions originating from foreign missions.

Revenue administering officials were also trained on the revised revenue procedure manuals and the Department increased capacity to facilitate monitoring and evaluation of activities at revenue offices.

The Department re-engineered the procedures for the accounting of the repatriation transactions and long outstanding amounts in the repatriation account have been correctly recorded or allocated with the exception of transactions where no supporting documentation exists. Such balances will be adjusted in the 2009/10 year.

The Department has embarked on a project to improve the recording and reconciliation of S50(1) fines.

This project will improve the audit trail and reduce the risks identified by audit in the 2009/10 year.

The Department has reconciled the 2008/09 (and four years prior) S50(3) fines collected to the PCS system and case files and is in the process of following up reconciling items/ adjustments required.

13.2 Fixed Assets

In 2007/08, the following issues related to the Department's Fixed Asset Register (FAR):

- Certain assets could not be verified;
- Supporting documentation was not available;
- Incorrect classifications; and
- Fleet Vehicles were incorrectly included.

During 2008/09, Phase two of the FAR project finalised the construction and valuation of the tangible FAR, constructed the intangible FAR, completed a full inventory of all capital and minor assets and confirmed that all significant DHA sites were covered. The FAR system is in the process of being implemented and the identified staff is being trained. The Department is in the process of implementing improved processes to track the movement of assets, monitor year end cut-off and the regular reconciliation of the FAR with BAS.

In compiling the FAR for the Department, the Department manages approximately 147 000 items of equipment. All of these represent movables assets, made up as follows:

- Major Assets 35 000 items R1,3 billion; and
- Minor Assets 112 621 items R 75 million.

Minor asset are assets with a value of less than R 5 000 per unit. This requires significant manual human resource capacity to manage and has been the Department's biggest challenge. The Department is confident that all material and significant assets have been accounted for. In order to address the challenge around the minor assets, the Department is also embarking on a restructuring of the Asset Management Department.

Due to the transformation and the movement of staff in the Department, the internal controls established for the movement of assets was not fully complied with. In this regard, the Department does not know timeously when assets are moved between different locations.

Proper supporting documentation for all fair value assets was not available as most of items identified represents items purchased several years ago. The Department utilised the database of other institutions to obtain fair values for these items but actual documentation from third parties could not be provided in all instances. In the 2009/10 financial year, the Department will embark on alternate verification procedures to value these assets.

13.3 Lease Register

The Department has a comprehensive lease and lease commitment register.

13.4 Cash and Cash Equivalents

To facilitate the monthly reconciliation of all cash and cash equivalent accounts, and timeous follow up of

Treasury to address the above.

13.6 Non Compliance to Legislation

Non-Compliance Matters	Progress In Terms Of The Findings
Public Finance Management Act	
The Accounting Officer did not report to the Executive Authority on the utilisation of savings within seven days of such utilisation, as required by Section 43(3) of the PFMA.	During the year under review all statutory reports were submitted to the Executive Authority.
The Accounting Officer did not comply with Section 40(4)(c) of the PFMA which requires that Accounting Officer to submit to National Treasury and to the Executive Authority monthly reports within 15 days of the end of the month.	Monthly and early warning reports were submitted.
The Accounting Officer did not provide appropriate evidence that the Department had complied with Section 38(1)(j) of the PFMA, which requires that the Accounting Officer must, before transferring any funds, obtain written assurance from the entity that the entity implements effective and transparent financial management and internal control systems.	To ensure that transfers were used for the intended purposes monthly and quarterly reports from the Government Printing Works and Film and Publication Board were submitted to the Budget Office as per Treasury Regulation 8.4.1.

reconciling items, the Department is currently involved in a process to clear reconciling items dating back to prior financial years and positive progress has been made in this regard.

The Bank Exception Account has been reduced from R 20.9 million at the year ended March 2008 to R 1.9 million at the end of March 2009.

13.5 Payables

The Department has implemented measures to ensure that payables are recorded on the modified cash basis. Inter-responsibility accounts are cleared at year-end and transfers to the Immigration Control Account are paid over timeously (where all vouchers have been received from the Department of Foreign Affairs).

Payables amounting to a net balance of R900 000 remains un-cleared at year-end, which represents R12.6 million repatriation deposits and R11.7 million repatriation refunds. These amounts relate to transaction prior to the 2004/05 financial year. The Department has schedules to support these but does not have the physical vouchers. Without the physical vouchers the Department is unable to allocate the transactions to the Immigration Account.

The Department is seeking guidance from National

Non-Compliance Matters	Progress In Terms Of The Findings
The Accounting Officer did not ensure that the Department had and maintained effective, efficient and transparent systems of financial and risk management and internal control as required by Section 38 of the PFMA.	A Risk Management Unit was established during the year under review.
The Accounting Officer did not in terms of Section 38(1)(c) of the PFMA Act take effective and appropriate steps to collect all money due to the Department.	A revenue support team was established to correctly allocate amounts in the clearing accounts. Furthermore, all available avenues in terms of debtor's management policy were pursued to recover outstanding amounts.
The Accounting Officer did not comply with Section 42 of the PFMA, which requires a list to be drawn up of assets transferred to another Department, which list must be signed by the Accounting Officer of both Departments.	Transferring letters were compiled for all assets transferred to Foreign Missions.
Treasury Regulations	
Bank reconciliations are not performed daily as required by Treasury Regulation 15.10.1.2.	An exemption not to comply with this requirement was forwarded to the Office of the Accountant General. Furthermore, the Department increased the follow up of the exceptions and performed monthly bank reconciliations for all three commercial banks that rolls up to the Pay Master General (PMG) account, which is reconciled monthly.
Payments in excess of R2 000 were not effected electronically or approved by National Treasury as required by Treasury Regulation 15.12.3.	All petty cash payments made are within the prescribed amount.
Amounts included in suspense accounts were not cleared monthly as required by Treasury Regulation 17.1.2(b).	The Department has implemented corrective measures to address this non-compliance by establishing revenue support team to follow up and clear exceptions that resulted in the approximately 90% reduction on the bank exception. Due to the manual nature of the operations at revenue administering offices, a revenue receipting solution is being implemented to minimise this problem.
No formal banking policy and standard operating procedures are in place as required by Treasury Regulation 15.10.1.1.	Standard operating procedures have been developed and implementation commenced in the year under review.
The Department did not comply with Treasury Regulation 19.8.1 which requires the Accounting Officer to include the monthly information required by Section 40(4)(b) and (c) of the PFMA in respect of the trading entity in the monthly report of the Department.	To ensure that transfers were used for the intended purposes monthly and quarterly reports from the Government Printing Works and Film and Publication Board were submitted to the Budget Office as per Treasury Regulation 8.4.1. In only one instance the monthly report for Government Printing Works was not submitted in terms of Section 40(4) of the PFMA.
The Department did not comply with Treasury Regulation 26.1.1 which requires the Accounting Officer to ensure that the public entity submits quarterly reports to the Department within 30 days of the end of each quarter.	To ensure that transfers were used for the intended purposes monthly and quarterly reports from the Government Printing Works and Film and Publications Boards were submitted to the Budget Office as per Treasury Regulation 8.4.1.

Non-Compliance Matters	Progress In Terms Of The Findings
As numerous documents were not available for audit purposes the Department did not comply with Treasury Regulation 17.1.1 which requires that all transactions of a Department be supported by authentic and verifiable source documents, and Regulation 17.2.3 which requires the primary evidence records, vouchers and invoices to be kept for five years.	Further to the establishment of revenue support team, supporting documents were collated to support revenue collected.
The Accounting Officer did not provide appropriate evidence that the Department had complied with Treasury Regulation 8.4.1 which requires that the Accounting Officer maintain appropriate measures to ensure that transfers to entities are applied for their intended purposes.	To ensure that transfers were used for the intended purposes monthly and quarterly reports from the Government Printing Works and Film and Publication Board were submitted to the Budget Office as per Treasury Regulation 8.4.1.
The Accounting Officer did not take full responsibility for the management of assets and did not ensure that proper control systems exist for assets as required by Section 38(1)(d) of the PFMA and Treasury Regulation 10.	As part of asset management reform project, stock counts were performed and a detailed fixed asset register compiled.
Revenue received by the Department in excess of R500 per day was not deposited daily into the Paymaster-General account as required by Treasury Regulation 15.5.1	Certain offices were given permission to bank once a week due to practical, logistical and economic considerations.
The Department did not comply with Treasury Regulation 11.4.2 which requires the Accounting Officer to ensure that debts are written off in accordance with a debt write-off policy. The Department did not have an approved debt write-off policy.	A debt management policy was compiled and implemented during the year under review.
The Accounting Officer did not, as per Treasury Regulation 10.1.2, ensure that processes (whether manual or electronic) and procedures were in place for the effective, efficient, economical and transparent use of the institution's assets.	As part of asset management reform project, stock counts were performed and a detailed fixed asset register compiled.
The Department did not comply with Treasury Regulation 17.2.2.2 and 17.2.2.3 which requires officials of the Department to take all reasonable and appropriate steps to recover outstanding money and where no response is received from debtors to take legal steps.	A revenue support team was established to correctly allocate amounts in the clearing accounts. Furthermore all available avenues in terms of debtor's management policy were pursued to recover outstanding amounts
The Accounting Officer did not, as per Treasury Regulation 9.1.1, implement effective, efficient and transparent processes of financial and risk management.	A Risk Management Unit has been established.
The Department did not comply with Treasury Regulation 6.4.1(c) which requires roll-over of funds to be limited to 5% of goods and services.	The Department has complied with all the PFMA and Treasury Regulation requirements in terms of virements and request for roll over in 2008/09 financial year is limited to expenditure of R150 million.

Non-Compliance Matters	Progress In Terms Of The Findings
The Accounting Officer entered into a finance lease agreement as reflected in note 24.1 to the financial statements, which was not in accordance with Treasury Regulation 13.2.4 and 13.2.5.	A request for <i>ex post facto</i> condonement for the contract has been sought from National Treasury.
The Department did not settle all payments due to creditors within 30 days from date of receipt of invoice as required by Treasury Regulation 8.2.3.	The Department is implementing measures to ensure compliance and will put in place measures for appeals where this is not possible.
Public Service Act	
The Department did not comply with section 3(3) of the Public Service Act, 1994, which requires that employees submit medical certificates where they had been absent from work on more than two occasions during their first 36-day leave period.	During the year under review, Human Resources reviewed and addressed this matter.
The Department did not comply with the Public Service Regulations 2001, part IV.D.2 (d) as numerous employees of the Department received payment for overtime in excess of 30% of their basic salary.	This is mainly due to the nature of the security services functions.

14. INVESTIGATIONS

In 2006 the State Information Technology Procurement Agency recommended that the WAIO tender be awarded to a consortium of service providers. In July 2008 the master service level agreement was entered into with the lead supplier of the consortium for the WAIO tender. The tender was valued at R1.9billion. The contract was framed in a manner that allowed the Department the option *inter alia* of selecting several equipment options and roll out plans. To this extent, an indicative pricing schedule providing for all potential scenarios was provided by the consortium and annexed to the master service agreement.

The indicative pricing schedule reflected an amount of R4.5 billion for the complete variety of services offered. As the Department defined its scope of work and business processes it selected the applicable cost elements from the indicative pricing schedule. As the Department's strategic imperatives unfolded, a business case reflecting the Department's choices and priorities were developed and submitted to National Treasury in February 2009 for approval and future

funding purposes. The value in the business case for the WAIO project is stated at R2.2billion. The Department is of the view that the business case covers the specifications expressed in the tender document.

In September 2008, the Executive Authority commissioned an investigation via the Office of the Auditor-General on the WAIO project. The investigation covered among others the procurement process followed within the State Information Technology Procurement Agency in 2006, the subsequent awarding of the contract in 2007 and the funding of the project. This investigation revealed several deficiencies in the procurement processes within the State Information Technology Procurement Agency, that the project was not funded up to R4.5 billion and that the business case was not approved at the correct level.

Subsequent to year-end the Department received confirmation that the business case has been approved in principle and that the project has been funded to R2.2 billion, which is the value in the business case, referred to above.

Since the project spans more than the MTEF period,

National Treasury is funding the project on a partial allocation basis and any additional funding will follow the normal funding processes.

The Department and the service provider are in the process of amending the indicative pricing schedule of R4,5 billion to reflect the decision and options taken and will annex the new schedule of R2,2 billion to the contract.

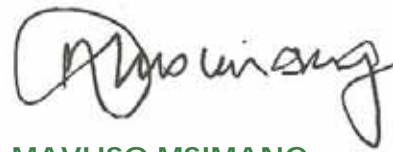
15. CONCLUDING COMMENTS

The transformation of the Department has been carried forward in the period under review, in great measure due to the dedicated hard work of a large number of our staff. Progress has been uneven, but significant gains have been made in transforming our core processes. Our citizens and other clients have experienced very real benefits from this, as reflected in the greatly reduced turnaround times for IDs, passports and certain permits, among others. Looking forward, perhaps the most valuable of the lessons learnt, however, was a much better understanding of the scale and complexity of the transformation process.

Large challenges remain, but we are now in a much better position to deal with them. One area of intense focus will be rooting out corruption at all levels and in all forms by securing our systems, underpinned by the critical importance of protecting the identity of citizens and enhance national security. In this regards specific initiatives will be launched that are aimed at the registration of the birth of all children who have a right to a South African citizenship and to ensure that all citizens over 16 are issued with an ID.

16. APPROVAL

The Annual Financial Statements set out on pages 101 to 161 have been approved by the Accounting Officer.



MAVUSO MSIMANG
DIRECTOR-GENERAL

REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 4: DEPARTMENT OF HOME AFFAIRS FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Home Affairs which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [101] to [161].

The Accounting Officer's Responsibility for the Financial Statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policies to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's Responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in *Government Gazette No. 31057* of 15 May 2008. Those

standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion:

Departmental Revenue

7. Departmental revenue amounting to R356 million as per the statement of financial performance and note 2 to the financial statements comprises cash sales for civic and immigration services. Treasury Regulation 7.2.1 requires the accounting officer to manage revenue efficiently and effectively by implementing appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of information about revenue.
 - Requested processed application documents could not be obtained from the department as the system for storing and safekeeping of these documents does not facilitate tracking and recovery. An alternative analytical review

procedure was performed by multiplying the number of documents issued with the official tariff for the service relating to re-issued Identity Documents. I was unable to perform alternative procedures on any other departmental revenue streams as reliable alternative information was not available. In the absence of these processed application documents and alternative information I am unable to assess the accuracy of amounts and completeness of transactions recorded in the departmental revenue in relation to the service applied for and rendered by the department.

- Due to the lack of an audit trail and systems to facilitate the recording of the immigration fines and penalties levied in terms of section 50(1) as well as a lack of systems to facilitate the recording of fines and penalties levied in terms of section 50(3) of the Immigration Act 2002, by management, I am unable to obtain sufficient appropriate audit evidence to conclude on the occurrence, completeness and accuracy of income from immigration fines and penalties amounting to R17 million included in the departmental revenue. I was not able to perform alternative audit procedures relating to the transactions included in this total.

Capital Assets

8. In terms of section 40(1)(a) of the PFMA and Treasury Regulations 17.2.3 the Department must maintain full and proper records of its capital assets. The opening balance of assets recorded in the capital asset balance, as disclosed in note 27 and 28 of the financial statements, was adjusted by management during the current year with a net amount of R387 million. My audit findings indicate that the capital asset closing balance is misstated as a result of the following:
 - Capital assets were identified that were in existence at year-end but were not recorded in the capital asset register and consequently the capital asset closing balance as disclosed in note 27 and 28 of the financial statements. I was unable to perform alternative procedures to confirm the completeness of the items in-

cluded in the capital asset register. The capital assets balance is misstated by an amount which could not be reasonably quantified.

- I was unable to physically verify selected capital assets included in the year-end capital asset register. The potential misstatement impact over the capital assets is estimated at R31 million. Alternative procedures confirming the existence of the assets as included in the Department's capital asset register was unsuccessful for those assets referred to above.
- The capital asset balance adjustments to account for assets at fair value, in the current period, could not be supported by sufficient appropriate audit evidence as the department had not kept full and proper records as required by section 40(1)(a) of the PFMA and Treasury Regulations 17.2.3. Alternative procedures assessing the reasonableness of assets accounted at fair value were unsuccessful due to a lack of sufficient information relating to the specific assets. I was unable to obtain reasonable assurance as to the accurate valuation of capital assets included at fair value in the capital asset closing balance.

Payables

9. Included in payables at year-end is a credit amount of R0,9 million for the repatriation deposit suspense account. The amounts currently included in this account relate to prior 2004/05 financial year and consists of R12,6 million deposits and R11,7 million refunds. This account was not cleared as required per Treasury Regulation 17.1.2. The deposits received and refunds made have not been transferred to the immigration control account as the amounts are not supported by supporting vouchers. The Department has applied to the National Treasury for the necessary guidance in order to transfer the funds to the immigration control account without the required supporting evidence.

Leases

10. The Department entered into a lease agreement during December 2008 which constitutes a finance lease in terms of Treasury Regulation 13.2.2 due to the significant risks and rewards of ownership of the assets being transferred to the Department. As at 31 March 2009 the Department had not incurred expenditure in terms of this lease agreement. The Department classified this lease as an operating lease in note 21 to the financial statements, Lease commitment disclosure, to the value of R333 million instead of disclosing the finance lease commitment with a current present value of R333 million.

Qualified Opinion

11. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Home Affairs as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with modified cash basis of accounting and in the manner required by the PFMA and DoRA.

Emphasis of Matters

I draw attention to the following matters on which I do not express a qualified opinion:

Basis of Accounting

12. The Department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in accounting policies note 1 to 3 to the financial statements.

Subsequent events

13. With reference to note 21 in the financial statements, the department has an approved, not yet contracted, commitment relating to the devel-

opment of a planned integrated online system. As disclosed in note 21, the Department has entered into lease agreements supporting the initial development phase of the project and comprising a portion of the total expected cost. The tender for the project was awarded at an estimated value of R1,9 billion. The indicative pricing schedule attached as an annexure to the signed contract for the project indicated the amount of R4,5 billion. Management presented a business case to National Treasury during February 2009 indicating that the total cost for the project is currently estimated at R2,2 billion. This estimate was presented to National Treasury in order to obtain formal funding approval. National Treasury has indicated in a letter dated 21 July 2009 that the funding has been approved in principle.

Irregular Expenditure

14. As disclosed in note 23 to the financial statements, irregular expenditure to the amount of R198,2 million was incurred during the current year.

Other Matters

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

Non-compliance with Applicable Legislation Public Finance and Management Act

15. The Accounting Officer did not comply with section 38(1)(c)(i) as effective and appropriate steps were not taken to collect all money due to the Department. Revenue from civic and immigration services in foreign missions dating as far back as 2004/05 financial year have not been collected due to delays in the Department receiving supporting vouchers.

Public Service Regulations

16. The Department did not comply with the Public Service Regulations 2001, part V.D.2(d) as numerous employees of the Department received payment of overtime in excess of 30% of their basic salary.

Governance framework

17. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal Control Deficiencies

18. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for qualified opinion	CE	RA	CA	IC	M
7	Departmental revenue		3 4 5	3 5		1 3
8	Capital assets			3		
9	Payables			3		
10	Leases			5		

Legend

CE = Control environment

The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6

Legend

The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

19. The PFMA tasks the accounting officer with a number of responsibilities concerning financial

and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines per section 40 of the PFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The department had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7.	Internal audit		
	• The department had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12.	Powers and duties have been assigned as set out in section 44 of the PFMA.	✓	

No.	Matter	Y	N
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓
14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the department against its mandate, predetermined objectives, outputs, indicators and targets [Treasury Regulations 5.1, 5.2 and 6.1].	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

20. The Department has implemented a comprehensive turnaround strategy comprising functional re-engineering projects as well as accounting clean-up processes. The aim of this project, among others, is to ensure that the concerns raised over financial management and internal control breakdowns in prior reports, issued by my office, are adequately addressed. The project is largely staffed from external consulting resources with specific internal skills transfer processes being implemented in order to ensure enhancement sustainability. My audit has indicated that the aforementioned process is resulting in significant improvement in the financial management and internal control process, and to a large extent support the move in my opinion from a disclaimer opinion to a qualified opinion. The findings supporting my basis for qualification in the current year originate from elements of an ineffective control environment (automated or manual) supporting transactions from initiation, through to authorisation, recording and safeguarding. This ineffective control environment is underlined by the lack of formal, approved, policy and procedure frameworks and lower level management's reluctance, in

certain areas, to accept their monitoring and accountability role in an environment undergoing significant change. These control deficiencies are currently being addressed through initiatives in the Department.

Investigations

21. A special investigation report has been issued in relation to the awarding of the contract for the development of the planned integrated online system. The contract entered into was the result of a tender evaluation and conclusion process performed through the assistance of a procuring agency. The special investigation conducted by my office into the awarding of this tender concluded on certain tender procedural non-compliance aspects as well as concerns over the funding requirements to honour the contract value. The potential regularisation of this tender process is currently being evaluated and the final outcome of this remains uncertain. National Treasury indicated in a letter dated 21 July 2009 that funding requirements are approved in principle.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

22. I have reviewed the performance information as set out on pages 20 to 63.

The Accounting Officer's Responsibility for the Performance Information

23. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the Department.

The Auditor-General's Responsibility

24. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

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

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

Audit findings (performance information) Non-compliance with regulatory requirements

Lack of effective, efficient and transparent systems and internal controls regarding performance management

27. The accounting officer did not ensure that the department has and maintains an effective, efficient and transparent system and internal controls regarding performance management,

which describe and represent how the institution's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 38(1)(a)(i) and (b) of the PFMA.

Inadequate Quarterly Reporting on Performance Information

28. The quarterly reports of the Department did not track progress against consistent outputs, indicators and targets as per the approved strategic performance plan and therefore did not facilitate effective performance monitoring and evaluation, as required by Treasury Regulation 5.3.1.

Usefulness and Reliability of Reported Performance Information

29. The following criteria were used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

Reported performance information not relevant

30. Numerous examples of indicators and targets not clearly linked to the predetermined objectives and mandate of the department, specific to programme 1 and 2, were identified during my review. The examples identified consisted of a significant number of indicators and targets within these programmes.

Reported performance information not reliable

Lack of appropriate information systems generating performance information

31. Sufficient appropriate audit evidence with regard to the reported performance information of both programme 1 and 2 could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information. In certain instances sufficient appropriate audit evidence in relation to the reported performance information could not be obtained, as

the relevant source documentation could not be provided for audit purposes.

Source information not accurate and complete

32. The source information that could be provided to support the reported performance information with regard to some objectives and targets did not adequately support the accuracy and completeness of the facts.

APPRECIATION

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

Auditor-General

**Pretoria
31 July 2009**



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION

APPROPRIATION STATEMENT: DETAILS PER PROGRAMME

Appropriation per Programme									
2008/09							2007/08		
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
1. Administration									
Current payments	1 344 510	-	(64 702)	1 279 808	1 275 338	4 470	99.7	950 233	1 002 368
Transfers and subsidies	1 134	-	1 335	2 469	2 211	258	89.6	2 769	2 752
Payments for capital assets	44 934	-	38 169	83 103	87 811	(4 708)	105.7	211 198	77 947
2. Service to Citizens									
Current payments	1 108 721	-	(87 524)	1 021 197	1 000 788	20 409	98.0	984 936	765 804
Transfers and subsidies	2 790	-	4 465	7 255	7 274	(19)	100.3	6 988	4 823
Payments for capital assets	114 247	-	115 412	229 659	135 831	93 828	59.1	140 982	140 629
3. Immigration Services									
Current payments	989 694	-	(27 976)	961 718	863 666	98 052	89.8	605 704	627 467
Transfers and subsidies	241	-	1 724	1 965	1 986	(21)	101.1	1 692	3 554
Payments for capital assets	-	-	19 097	19 097	81 318	(62 221)	425.8	1 728	1 715
4 Transfer to Agencies									
Transfers and subsidies	1 210 337	-	-	1 210 337	1 210 337	-	100.0	614 668	614 668
TOTAL	4 816 608	-	-	4 816 608	4 666 560	150 048	96.9	3 520 898	3 241 727
Reconciliation with statement of financial performance									
ADD:									
Departmental receipts				355 673				421 123	
Actual amounts per statement of financial performance (total revenue)				5 172 281				3 942 021	
Actual amounts per statement of financial performance (total expenditure)					4 666 560				3 241 727

Appropriation per Economic Classification									
	2008/09					2007/08			
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
Current payments									
Compensation of employees	1 439 456	-	(111 505)	1 327 951	1 296 049	31 902	97.6	1 120 191	1 086 974
Goods and services	2 003 469	-	(68 697)	1 934 772	1 843 226	91 546	95.3	1 420 682	1 281 957
Financial transactions in assets and liabilities	-	-	-	-	517	(517)	-	-	26 708
Transfers and subsidies									
Provinces and municipalities	-	-	634	634	634	-	100.0	452	452
Departmental agencies and accounts	1 210 337	-	-	1 210 337	1 210 337	-	100.0	614 668	614 668
Households	4 165	-	6 890	11 055	10 837	218	98.0	10 997	10 677
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	112 463	-
Machinery and equipment	44 934	-	172 678	217 612	164 242	53 370	75.5	205 680	178 735
Software and other intangible assets	114 247	-	-	114 247	140 718	(26 471)	123.2	35 765	41 556
Total	4 816 608	-	-	4 816 608	4 666 560	150 048	96.9	3 520 898	3 241 727

Details per Programme 1 – Administration for the year ended 31 March 2009									
Details per Sub-Programme	2008/09					2007/08			
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
1.1 Minister									
Current payments	1 019	-	593	1 612	1 584	28	98.3	951	952
1.2 Deputy Minister									
Current payments	790	-	538	1 328	1 306	22	98.3	738	735
1.3 Management									
Current payments	512 913	-	15 428	528 341	543 397	(15 056)	102.8	436 051	360 963
Transfer and subsidies	481	-	-	481	219	262	45.5	129	129
Payment for capital assets	23 895	-	268	24 163	1 384	22 779	5.7	1 350	1 332
1.4 Corporate Services									
Current payments	174 113	-	(12 030)	162 083	160 695	1 388	99.1	143 242	136 846
Transfer and subsidies	196	-	646	842	839	3	99.6	1 164	1 147
Payment for capital assets	-	-	771	771	908	(137)	117.8	648	629
1.5 Financial Services									
Current payments	113 392	-	(8 047)	105 345	104 057	1 288	98.8	65 013	98 948
Transfer and subsidies	381	-	669	1 050	1 050	-	100.0	589	589
Payment for capital assets	-	-	2 329	2 329	2 261	68	97.1	332	330

Details per Programme 1 – Administration for the year ended 31 March 2009 (Continued)										
Details per Sub-Programme	2008/09						2007/08			
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)	
1.6 Information Services										
Current payments	230 089	-	(2 500)	227 589	209 667	17 922	92.1	159 849	211 975	
Transfer and subsidies	76	-	20	96	103	(7)	107.3	887	887	
Payments for capital assets	-	-	482	482	15 308	(14 826)	3175.9	15 586	11 495	
1.7 Transversal IT Projects										
Current payments	94 680	-	(48 751)	45 929	47 773	(1 844)	104.0	5 287	4 292	
Payments for capital assets	-	-	32 702	32 702	45 451	(12 749)	139.0	53 932	53 932	
1.8 Government Motor Transport										
Current payments	6 395	-	2 951	9 346	8 677	669	92.8	10 298	13 834	
Payments for capital assets	21 039	-	1 574	22 613	22 456	157	99.3	26 887	10 229	
1.9 Property Management										
Current payments	211 119	-	(12 884)	198 235	198 182	53	100.0	128 804	173 823	
Payments for capital assets	-	-	43	43	43	-	100.0	112 463	-	
Total	1 390 578	-	(25 198)	1 365 380	1 365 360	20	100.0	1 164 200	1 083 067	

Programme 1 Per Economic Classification for year ended 31 March 2009

	2008/09						2007/08		
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
Current payments									
Compensation of employees	320 452	-	(73 786)	246 666	242 894	3 772	98.5	306 207	274 994
Goods and services	1 024 058	-	9 084	1 033 142	1 031 957	1 185	99.9	644 026	700 666
Financial transactions in assets and liabilities	-	-	-	-	487	(487)	-	-	26 708
Transfers and subsidies									
Provinces and municipalities	-	-	634	634	634	-	100.0	452	452
Households	1 134	-	701	1 835	1 577	258	85.9	2 317	2 300
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	112 463	-
Machinery and equipment	44 934	-	38 169	83 103	87 811	(4 708)	105.7	63 069	42 137
Software and other intangible assets	-	-	-	-	-	-	-	35 666	35 810
Total	1 390 578	-	(25 198)	1 365 380	1 365 360	20	100.0	1 164 200	1 083 067

Details per Programme 2 – Services To Citizens for the year ended 31 March 2009									
2008/09							2007/08		
Details per Sub-Programme	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
2.1 Management									
Current payments	56 423	-	(18 590)	37 833	27 498	10 335	72.7	9 347	6 729
Transfer and subsidies	2 790	-	4 465	7 255	2 049	5 206	28.2	6 988	1
Payments for capital assets	-	-	75	75	65	10	86.7	132	124
2.2 Status Services									
Current payments	119 500	-	(18 855)	100 645	93 211	7 434	92.6	116 206	79 121
Transfers and subsidies	-	-	-	-	186	(186)	-	-	436
Payments for capital assets	-	-	18 855	18 855	3 897	14 958	20.7	4 648	4 595
2.3 Identification									
Current payments	110 713	-	(2 566)	108 147	111 909	(3 762)	103.5	100 655	98 106
Transfers and subsidies	-	-	-	-	311	(311)	-	-	692
Payments for capital assets	-	-	-	-	694	(694)	-	161	161
2.4 HANIS									
Current payments	141 445	-	(27 944)	113 501	88 090	25 411	77.6	281 287	88 789
Payments for capital assets	114 247	-	86 913	201 160	126 586	74 574	62.9	132 861	132 861

Details per Programme 2 – Services To Citizens for the year ended 31 March 2009 (Continued)									
	2008/09					2007/08			
Details per Sub-Programme	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
2.5 Customer Services Centre									
Current payments	70 006	-	(19 569)	50 437	38 248	12 189	75.8	13 223	7 425
Transfers and subsidies	-	-	-	-	2	(2)	-	-	10
Payments for capital assets	-	-	9 569	9 569	253	9 316	2.6	-	-
2.6 Provincial Civic Services									
Current payments	610 634	-	-	610 634	641 832	(31 198)	105.1	464 218	485 634
Transfers and subsidies	-	-	-	-	4 726	(4 726)	-	-	3 684
Payment sfor capital assets	-	-	-	-	4 336	(4 336)	-	3 180	2 888
Total	1 225 758	-	32 353	1 258 111	1 143 893	114 218	90.9	1 132 906	911 256

Programme 2 Per Economic Classification for year ended 31 March 2009									
2008/09						2007/08			
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
Current payments									
Compensation of employees	646 485	-	(21 934)	624 551	624 471	80	100.0	476 305	476 559
Goods and services	462 236	-	(65 590)	396 646	376 317	20 329	94.9	508 631	289 245
Transfers and subsidies									
Households	2 790	-	4 465	7 255	7 274	(19)	100.3	6 988	4 823
Payments for capital assets									
Machinery and equipment	-	-	115 412	115 412	58 064	57 348	50.3	140 913	134 883
Software and other intangible assets	114 247	-	-	114 247	77 767	36 480	68.1	69	5 746
Total	1 225 758	-	32 353	1 258 111	1 143 893	114 218	90.9	1 132 906	911 256

Details per Programme 3 – Immigration Services for the year ended 31 March 2009

	2008/09						2007/08		
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
3.1 Management									
Current payments	55 856	-	(17 183)	38 673	31 712	6 961	82.0	6 900	5 001
Transfer and subsidies	241	-	1 724	1 965	6	1 959	0.3	1 692	18
Payments for capital assets	-	-	15 000	15 000	13 314	1 686	88.8	-	-
3.2 Admissions									
Current payments	184 738	-	4 992	189 730	90 602	99 128	47.8	19 145	20 096
Transfers and subsidies	-	-	-	-	51	(51)	-	-	769
Payments for capital assets	-	-	-	-	63 250	(63 250)	-	-	-
3.3 Immigration Control									
Current payments	261 514	-	(15 785)	245 729	243 716	2 013	99.2	221 398	229 762
Transfers and subsidies	-	-	-	-	10	(10)	-	-	554
Payments for capital assets	-	-	4 097	4 097	597	3 500	14.6	292	292
3.4 Provincial Immigration Control									
Current payments	418 549	-	-	418 549	419 110	(561)	100.1	311 164	325 619
Transfers and subsidies	-	-	-	-	1 828	(1 828)	-	-	2 172
Payments for capital assets	-	-	-	-	3 519	(3 519)	-	1 364	1 361

Details per Programme 3 – Immigration Services for the year ended 31 March 2009 (Continued)									
	2008/09					2007/08			
Details per Sub-Programme	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
3.5 Refugee Affairs									
Current payments	69 037	-	-	69 037	78 526	(9 489)	113.7	47 097	46 989
Transfers and subsidies	-	-	-	-	91	(91)	-	-	41
Payments for capital assets	-	-	-	-	638	(638)	-	72	62
Total	989 935	-	(7 155)	982 780	946 970	35 810	96.4	609 124	632 736

Programme 3 Per Economic Classification for year ended 31 March 2009

	2008/09						2007/08		
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
Current payments									
Compensation of employees	472 519	-	(15 785)	456 734	428 684	28 050	93.9	337 679	335 421
Goods and services	517 175	-	(12 191)	504 984	434 952	70 032	86.1	268 025	292 046
Financial Transactions in Assets and Liabilities	-	-	-	-	30	(30)	-	-	-
Transfers and subsidies									
Households	241	-	1 724	1 965	1 986	(21)	101.1	1 692	3 554
Payments for capital assets									
Machinery and equipment	-	-	19 097	19 097	18 367	730	96.2	1 698	1 715
Software and other intangible assets	-	-	-	-	62 951	(62 951)	-	30	-
Total	989 935	-	(7 155)	982 780	946 970	35 810	96.4	609 124	632 736

Details per Programme 4 – Transfers To Agencies for the year ended 31 March 2009									
2008/09							2007/08		
Details per Sub-Programme	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
4.1 Film and Publication Board									
Transfer Payments to Agencies	33 519	-	-	33 519	33 519	-	100.0	19 206	19 206
4.2 Government Printing Works									
Transfer Payments to Agencies	137 425	-	-	137 425	137 425	-	100.0	110 212	110 212
4.3 Independent Electoral Commission									
	1 039 393	-	-	1 039 393	1 039 393	-	100.0	485 250	485 250
Total	1 210 337	-	-	1 210 337	1 210 337	-	100.0	614 668	614 668

Programme 4 Per Economic Classification for year ended 31 March 2009

	2008/09						2007/08		
	Adjusted Appropriation (R'000)	Shifting of Funds (R'000)	Virement (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Expenditure as % of final appropriation %	Final Appropriation (R'000)	Actual Expenditure (R'000)
Transfers and subsidies									
Departmental agencies and accounts	1 210 337	-	-	1 210 337	1 210 337	-	100.0	614 668	614 668
Total	1 210 337	-	-	1 210 337	1 210 337	-	100.0	614 668	614 668

NOTES TO THE APPROPRIATION STATEMENT

1. Details of transfers and subsidies as per Appropriation Act (after Virement):

Details of these transactions can be viewed in note 6 (Transfers and Subsidies) and Annexure 1A, 1B and 1C to the Annual Financial Statements.

2. Details of specifically and exclusively appropriated amounts voted (after Virement):

Details of these transactions can be viewed in note 1

(Annual Appropriation) to the Annual Financial Statements.

3. Details on financial transactions in assets and liabilities:

Details of these transactions per programme can be viewed in note 5 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as a % of Final Appropriation %
Programme 2 : Services to Citizens	1 258 111	1 143 893	114 218	9.1%
The ID Smart Card was planned to be piloted in December 2008 and the Department had detailed and robust plans to realize this eventuality. However, at year-end SITA had not made a recommendation on the awarding of this tender.				
Programme 3 : Immigration Services	982 780	946 970	35 810	3.6%
Savings are attributed to the Advance Passenger Processing System (APP) project. Contract negotiations commenced in November 2008 but were only concluded on 14 February 2009. By the end of the financial year, the custom design study was completed and signed off in April 2009 only.				

4.2 Per Economic classification	Final Appropriation (R'000)	Actual Expenditure (R'000)	Variance (R'000)	Variance as a % of Final Appropriation %
Current payments				
Compensation of employees	1 327 951	1 296 049	31 902	2.4%
Goods and services	1 934 772	1 843 226	91 546	4.7%
Financial transactions in assets and liabilities	-	517	(517)	-
Transfers and subsidies				
Provinces and municipalities	634	634	-	-
Departmental agencies and accounts	1 210 337	1 210 337	-	-
Households	11 055	10 837	218	2.0%
Payments for capital assets				
Machinery and equipment	217 612	164 242	53 370	24.5%
Software and other intangible assets	114 247	140 718	(26 471)	(23.2)%

5. Notes to the Appropriation Statement:

The amount as reflected in the Appropriation Statement of 2007/08 has been restated by an amount of R15,281 million to address changes in the Annual Financial Statements. Unauthorised expenditure approved with funding is no longer a reconciling item between the statement of financial performance and the appropriation statement.

In the year under review, the Department expanded its programme structure to 4 programmes to depict Civic Services and Immigration Services separately. Previously these programmes were shown as a combined programme. This resulted in comparative figures for 2007/08 being amended accordingly.

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2008/09 (R'000)	2007/08 (R'000)
REVENUE			
Annual appropriation	1	4 816 608	3 520 898
Departmental revenue	2	355 673	421 123
TOTAL REVENUE		5 172 281	3 942 021
EXPENDITURE			
Current expenditure		3 139 792	2 395 639
Compensation of employees	3	1 296 049	1 086 974
Goods and services	4	1 843 226	1 281 957
Financial transactions in assets and liabilities	5	517	26 708
Transfers and subsidies		1 221 808	625 797
Transfers and subsidies	6	1 221 808	625 797
Expenditure for capital assets		304 960	220 291
Tangible capital assets	7	164 242	178 735
Software and other intangible assets	7	140 718	41 556
TOTAL EXPENDITURE		4 666 560	3 241 727
SURPLUS/(DEFICIT) FOR THE YEAR		505 721	700 294
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		150 048	279 171
Departmental revenue	2	355 673	421 123
SURPLUS/(DEFICIT) FOR THE YEAR		505 721	700 294

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION STATEMENT OF FINANCIAL POSITION

	Note	2008/09 (R'000)	2007/08 (R'000)
ASSETS			
Current assets		192 446	156 533
Unauthorised expenditure	8	101 806	101 806
Cash and cash equivalents	9	77 293	48 604
Prepayments and advances	10	663	390
Receivables	11	12 684	5 733
TOTAL ASSETS		192 446	156 533
LIABILITIES			
Current liabilities		188 366	156 666
Voted funds to be surrendered to the Revenue Fund	12	150 048	39 622
Departmental revenue to be surrendered to the Revenue Fund	13	33 437	102 554
Payables	14	4 881	14 490
TOTAL LIABILITIES		188 366	156 666
NET ASSETS / (LIABILITIES)		4 080	(133)
Represented by:			
Recoverable revenue		4 080	(133)
TOTAL		4 080	(133)

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION STATEMENT OF CHANGES IN NET ASSETS

NET ASSETS	Note	2008/09 (R'000)	2007/08 (R'000)
Recoverable revenue			
Opening balance		(133)	7 069
Transfers:			
Irrecoverable amounts written off		-	(7 202)
Net Debt raised		4 213	-
Closing balance		4 080	(133)
TOTAL		4 080	(133)

DEPARTMENT OF HOME AFFAIRS

(CENTRAL GOVERNMENT ADMINISTRATION) VOTE 4

CASH FLOW STATEMENT

	Note	2008/09 (R'000)	2007/08 (R'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		5 172 281	3 702 472
Annual appropriated funds received	1.1	4 816 608	3 281 349
Departmental revenue received	2	355 673	421 123
Net (increase)/decrease in working capital		(16 833)	33 896
Surrendered to Revenue Fund		(464 412)	(469 314)
Current payments		(3 139 792)	(2 395 639)
Transfers and subsidies paid		(1 221 808)	(625 797)
Net cash flow available from operating activities	15	329 436	245 618
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(304 960)	(220 291)
Net cash flows from investing activities		(304 960)	(220 291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		4 213	(7 202)
Net cash flows from financing activities		4 213	(7 202)
Net increase/(decrease) in cash and cash equivalents		28 689	18 125
Cash and cash equivalents at the beginning of the period		48 604	30 479
Cash and cash equivalents at end of period	16	77 293	48 604

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION ACCOUNTING POLICIES

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

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 Basis of Preparation

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

1.2 Presentation Currency

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

1.3 Rounding

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

1.4 Comparative Figures

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

1.5 Comparative Figures - Appropriation Statement

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

2. REVENUE

2.1 Appropriated Funds

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

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

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

2.2 Departmental Revenue

All Departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Sales of goods and services other than capital assets

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

2.2.2 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory unrequited amounts, which were imposed by the Department of Home Affairs in terms of the Immigration Act (Act. 13 of 2002). Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 Interest, dividends and rent on land

Interest is recognised in the Statement of Financial Performance when the cash is received.

2.2.4 Sale of capital assets

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

2.2.5 Financial transactions in assets and liabilities

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

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

Foreign exchange gains are recognised where repatriation deposits are refunded. Such gains are paid to the Immigration Account.

2.2.6 Transfers received (including gifts, donations and sponsorships)

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

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

2.2.7 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.3 Aid Assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. EXPENDITURE**3.1 Compensation of Employees****3.1.1 Short-term employee benefits**

Salaries and wages comprise payments to employees (including leave entitlements, 13th cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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

3.1.2 Post retirement benefits

The Department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

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

3.1.3 Termination benefits

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

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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

3.2 Goods and Services

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

3.3 Interest and Rent on Land

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

3.4 Financial Transactions in Assets and Liabilities

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

Foreign exchange losses on repatriation deposits are refunded. Such losses are recovered from the Immigration Account.

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

3.5 Transfers and Subsidies

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

3.6 Unauthorised Expenditure

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

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

3.7 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.8 Irregular Expenditure

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

3.9 Expenditure for Capital Assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Perform-

ance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4. ASSETS

4.1 Cash and Cash Equivalents

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

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held.

4.2 Other Financial Assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and Advances

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

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

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

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost.

4.5 Inventory

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

4.6 Capital Assets

4.6.1 Movable assets

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

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the Department on completion of the project.

Jointly controlled assets, where the Department has joint control and joint ownership of the assets are recorded in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

If fair value cannot be determined, the capital asset included in the asset register are then valued at R1.

5. LIABILITIES

5.1 Voted Funds to be Surrendered to the Revenue Fund

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

5.2 Departmental Revenue to be Surrendered to the Revenue Fund

Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Direct Exchequer Receipts to be Surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year end is reflected as a current payable in the Statements of Financial Position.

5.4 Payables

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

5.5 Contingent Liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

5.6 Commitments

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

5.7 Accruals

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

5.8 Employee Benefits

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

5.9 Lease Commitments

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

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

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Confirmed receivables for Departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. NET ASSETS

7.1 Recoverable Revenue

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

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the disclosure notes.

9. KEY MANAGEMENT PERSONNEL

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

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds):

	Final Appropriation	Actual funds received	Funds not requested/ not re- ceived	Appropriation received
	2008/09 (R'000)	2008/09 (R'000)	2008/09 (R'000)	2007/08 (R'000)
Programme 1: Administration	1 365 380	1 365 380	-	1 100 001
Programme 2: Services to Citizens	1 258 111	1 258 111	-	957 556
Programme 3: Immigration Services	982 780	982 780	-	609 124
Programme 4: Transfer to Agencies	1 210 337	1 210 337	-	614 668
Total	4 816 608	4 816 608	-	3 281 349

2. Departmental Revenue

	Note	2008/09 (R'000)	2007/08 (R'000)
Sales of goods and services other than capital assets	2.1	304 904	369 472
Fines, penalties and forfeits	2.2	17 094	28 788
Interest, dividends and rent on land	2.3	608	1 783
Financial transactions in assets and liabilities	2.4	33 067	21 080
Departmental revenue collected		355 673	421 123

2.1 Sales of goods and services other than capital assets

	Note	2008/09 (R'000)	2007/08 (R'000)
Sales of goods and services produced by the Department		304 891	369 460
Sales by market establishment		1 398	1 016
Administrative fees		299 107	362 611
Other sales		4 386	5 833
Sales of scrap, waste and other used current goods		13	12
Total	2	304 904	369 472

2.2 Fines, penalties and forfeits

Fines		11 234	18 313
Penalties		5 558	9 376
Forfeits		302	1 099
Total	2	17 094	28 788

2.3 Interest, dividends and rent on land

Interest received		608	1 783
Total	2	608	1 783

2.4 Financial transactions in assets and liabilities

Receivables		918	493
Stale cheques written back		-	135
Other receipts including Recoverable Revenue		32 149	20 452
Total	2	33 067	21 080

3. Compensation of employees

3.1 Salaries and Wages

	2008/09 (R'000)	2007/08 (R'000)
Basic salary	822 581	664 333
Performance award	19 965	13 372
Service based	1 310	96
Compensative/circumstantial	106 960	64 253
Periodic payments	258	1 188
Other non-pensionable allowances	177 741	198 808
Total	1 128 815	942 050

3.2 Social contributions

Employer contributions		
Pension	99 622	89 966
Medical	67 353	54 723
Bargaining council	259	235
Total	167 234	144 924
Total compensation of employees	1 296 049	1 086 974
Average number of employees	8 394	7 657

4. Goods and services

	Note	2008/09 (R'000)	2007/08 (R'000)
Administrative fees		15 586	14 681
Advertising		24 352	10 317
Assets less than R5,000	4.1	18 168	18 266
Bursaries (employees)		1 864	4 160
Catering		11 975	5 539
Communication		55 469	65 522
Computer services	4.2	244 576	127 154
Consultants, contractors and agency/outsourced services	4.3	633 773	483 111
Entertainment		417	412
Audit cost – external	4.4	15 373	7 619
Inventory	4.5	121 952	92 358
Operating leases		165 514	93 704
Owned and leasehold property expenditure	4.6	129 834	82 193
Transport provided as part of the departmental activities		80 863	-
Travel and subsistence	4.7	235 242	257 576
Venues and facilities		20 937	4 620
Training and staff development		13 432	-
Other operating expenditure	4.8	53 899	14 725
Total		1 843 226	1 281 957

4.1 Assets less than R5,000

Tangible assets		18 163	18 212
Machinery and equipment		18 163	18 212
Intangible assets		5	54
Total	4	18 168	18 266

4.2 Computer services

SITA computer services		108 199	62 663
External computer service providers		136 377	64 491
Total	4	244 576	127 154

The increase in computer services is due to the upgrade of the Departments Information Service Infrastructure that resulted in the installation of more data-lines, system development and mainframe support. In addition invoices relating to 2007/08 were only paid in the current year as permission to use the savings on capital projects was only granted subsequent to the 2007/08 year end.

4.3 Consultants, contractors and agency/outsourced services

	Note	2008/09 (R'000)	2007/08 (R'000)
Business and advisory services		369 773	3 867
Infrastructure and planning		22	-
Legal costs		10 563	9 945
Contractors		96 010	101 256
Agency and support/outsourced services		157 405	368 043
Total	4	633 773	483 111

The overall increase is mainly attributable to the increase in expenses incurred to third party support services for various Turnaround projects that were in the implementation phase during the year under review.

Expenditure classified under agencies and outsourcing services in the previous financial year is included under business advisory services for the current financial year. Standard Chart of Accounts (SCOA) for 2007/08 do not allow for the separate classification of the various items as per the new SCOA in 2008/09 hence the previous years amounts were not reclassified.

Included under contractors for both years is equipment maintenance. These costs were separately disclosed in the previous financial year under the item maintenance and running cost.

4.4 Audit cost – external

Regularity audits		15 373	7 552
Performance audits		-	67
Total	4	15 373	7 619

4.5 Inventory

	Note	2008/09 (R'000)	2007/08 (R'000)
Fuel, oil and gas		358	94
Other consumable materials		5 894	5 190
Maintenance material		465	-
Stationery and printing		115 081	87 057
Medical supplies		154	17
Total	4	121 952	92 358

Included in the amounts disclosed above is expenditure incurred throughout the year. The amount disclosed in the Accounting Officers report is only the value of the unused controlled stationery on hand at year end.

4.6 Owned and leasehold property expenditure

Municipal services		19 140	18 999
Other		110 694	63 194
Total	4	129 834	82 193

Included under this item are payments for municipal services and other expenditure relating to buildings namely maintenance, garden services, cleaning services, fumigation services, pest control, and safeguarding and security services.

During the year under review the Department refurbished and upgraded its buildings leading to an increase in maintenance costs. This expenditure was included under the item maintenance and running cost as disclosed in the previous financial year but were reclassified in the year under review to be in line with the new SCOA classification.

4.7 Travel and subsistence

Local		226 093	202 782
Foreign		9 149	54 794
Total	4	235 242	257 576

Transport as part of departmental activities as disclosed in Note 4 – Goods and services is a new line item on SCOA and includes cost relating to transportation of illegal immigrants. The expenditure relating to this item for the previous financial year was allocated to Travel and subsistence hence the decrease in Travel and subsistence disclosed above.

4.8 Other operating expenditure

	Note	2008/09 (R'000)	2007/08 (R'000)
Professional bodies, membership and subscription fees		3 145	236
Resettlement costs		1 533	989
Other		49 221	13 500
Total	4	53 899	14 725

Included under item "other" is expenditure relating to storage of files, protective clothing, subscription, honorarium, courier and delivery services, freight services and drivers licences.

The increase can mainly be attributed to the additional cost incurred for protective clothing in the year under review in terms of the immigration officers' uniform contract. In addition, courier services increased due to service delivery improvements in terms of the submission of application forms for the processing and delivery of enabling documents.

5. Financial transactions in assets and liabilities

		2008/09 (R'000)	2007/08 (R'000)
Material losses through criminal conduct		-	6 361
Theft	5.4	-	737
Other material losses	5.1	-	5 624
Other material losses written off	5.2	-	4 449
Debts written off	5.3	517	8 696
Irrecoverable amounts written off	5.5	-	7 202
Total		517	26 708

5.1 Other material losses

Nature of other material losses

Incident

Theft and damages of equipment

Repair to damages

Total

Note	2008/09 (R'000)	2007/08 (R'000)
	-	509
	-	5 115
5	-	5 624

5.2 Other material losses written off

Nature of losses

Bank adjustments

BAS/SCOA conversion transactions

Total

	-	1 057
	-	3 392
5	-	4 449

5.3 Debts written off

Nature of debts written off

Ex-employee: salary related debts

FMS subsistence and travel

Telephone debt

Dishonoured cheques

Financial assistance

Boat/plane stowaway deposits

Penalty Charges

Other

Total

	354	732
	30	1 632
	-	42
	3	153
	126	785
	-	3 694
	-	1 658
	4	-
5	517	8 696

5.4 Theft

Nature of theft

Theft of State money

Total

	-	737
5	-	737

5.5 Irrecoverable amounts written off

	Note	2008/09 (R'000)	2007/08 (R'000)
Nature of losses			
FMS/BAS conversions		-	692
Inter-responsibility clearing account		-	6 510
Total	5	-	7 202

6. Transfers and subsidies

Provinces and municipalities	Annex 1A	634	452
Departmental agencies and accounts	Annex 1B	1 210 337	614 668
Households	Annex 1C	10 837	10 677
Total		1 221 808	625 797

7. Payments for capital assets

Tangible assets		164 242	178 735
Machinery and equipment	27.1	164 242	178 735
Software and other intangible assets		140 718	41 556
Computer software	28.1	77 767	29 512
Capitalised development costs	28.1	62 951	12 044
Total		304 960	220 291

7.1 Analysis of funds utilised to acquire capital assets – 2008/09

	Voted funds (R'000)	Aid assistance (R'000)	Total (R'000)
Tangible assets	164 242	-	164 242
Machinery and equipment	164 242	-	164 242
Software and other intangible assets	140 718	-	140 718
Computer software	77 767	-	77 767
Capitalised development costs	62 951	-	62 951
Total	304 960	-	304 960

7.2 Analysis of funds utilised to acquire capital assets – 2007/08

Total assets acquired	220 291	-	220 291
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8. Unauthorised expenditure

8.1 Reconciliation of unauthorised expenditure

	2008/09 (R'000)	2007/08 (R'000)
Opening balance	101 806	116 473
Unauthorised expenditure – discovered in current year	-	-
Less: Amounts approved by Parliament/Legislature (with funding)	-	(15 281)
Less: Amounts approved by Parliament/Legislature (without funding)	-	-
Capital	-	-
Current	-	-
Transfers and subsidies	-	-
Less: Transfer to receivables for recovery	-	614
Unauthorised expenditure awaiting authorisation	101 806	101 806
Analysis of awaiting authorisation per economic classification		
Current	54 925	54 925
Capital	46 881	46 881
Total	101 806	101 806

9. Cash and cash equivalents

Consolidated Paymaster General Account	75 888	44 669
Cash receipts	1 090	3 701
Cash on hand - Petty Cash	315	234
Total	77 293	48 604

10. Prepayments and advances

Travel and subsistence	663	390
Total	663	390

11. Receivables

	Note	2008/09				2007/08
		Less than one year	One to three years	Older than three years	Total	Total
		(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Claims recoverable	11.1 Annex 3	518	178	216	912	748
Recoverable expenditure	11.2	702	34	1 280	2 016	1 132
Staff debt	11.3	4 269	1 366	551	6 186	3 086
Other debtors	11.4	2 617	(603)	1 556	3 570	767
Total		8 106	975	3 603	12 684	5 733

11.1 Claims recoverable

	Note	2008/09 (R'000)	2007/08 (R'000)
National Departments		271	382
Provincial Departments		224	332
Public Entities		401	18
Local Government		16	16
Total	11	912	748

11.2 Recoverable expenditure (disallowance accounts)

Disallowance miscellaneous		361	361
Disallowance dishonoured cheques		15	15
Disallowance damages and losses		1 640	756
Total	11	2 016	1 132

11.3 Staff debt

	Note	2008/09 (R'000)	2007/08 (R'000)
Salary: Tax debt		4	6
Debt account		6 182	3 080
Total	11	6 186	3 086

11.4 Other debtors

Foreign affairs vouchers in transit		3 570	970
Penalty Charges		-	(203)
Total	11	3 570	767

12. Voted funds to be surrendered to the Revenue Fund

Opening balance		39 622	(20 472)
Transfer from statement of financial performance		150 048	279 171
Voted funds not requested/not received	1.1	-	(239 549)
Paid during the year		(39 622)	20 472
Closing balance		150 048	39 622

13. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		102 554	171 217
Transfer from Statement of Financial Performance		355 673	421 123
Paid during the year		(424 790)	(489 786)
Closing balance		33 437	102 554

14. Payables – current

Description

	Note	30 Days (R'000)	30+ Days (R'000)	2008/09 Total (R'000)	2007/08 Total (R'000)
Clearing accounts	14.1	2 910	939	3 849	2 439
Other payables	14.2	-	1 032	1 032	12 051
Total		2 910	1 971	4 881	14 490

14.1 Clearing accounts

Salary other		501	649
Boat/plane stowaway deposits		640	659
Salary Income Tax		2 594	1 097
Finance assistance		114	34
Total	14	3 849	2 439

14.2 Other payables

Repatriation deposits		886	(5 601)
Debt Receivable Interest		146	1 138
Penalty Charges: Interest		-	5 470
Penalty Charges: Capital		-	11 044
Total	14	1 032	12 051

15. Net cash flow available from operating activities

	2008/09 (R'000)	2007/08 (R'000)
Net surplus/(deficit) as per Statement of Financial Performance	505 721	700 294
Add back non cash/cash movements not deemed operating activities	(176 285)	(454 676)
(Increase)/decrease in receivables – current	(6 951)	8 151
(Increase)/decrease in prepayments and advances	(273)	927
(Increase)/decrease in other current assets	-	14 667
Increase/(decrease) in payables – current	(9 609)	10 151
Expenditure on capital assets	304 960	220 291
Surrenders to Revenue Fund	(464 412)	(469 314)
Voted funds not requested/not received	-	(239 549)
Net cash flow generated by operating activities	329 436	245 618

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

Consolidated Paymaster General account	75 888	44 669
Cash receipts	1 090	3 701
Cash on hand – Petty Cash	315	234
Total	77 293	48 604

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. Contingent liabilities

Liable to	Nature	<i>Note</i>	2008/09 (R'000)	2007/08 (R'000)
Motor vehicle guarantees	Employees	<i>Annex 2A</i>	1 108	788
Housing loan guarantees	Employees	<i>Annex 2A</i>	8 797	9 824
Claims against the Department		<i>Annex 2B</i>	5 724	2 455
Other departments (Interdepartmental unconfirmed balances)		<i>Annex 4</i>	17 478	-
Total			33 107	13 067

18. Commitments

	2008/09 (R'000)	2007/08 (R'000)
Current expenditure	36 734	8 799
Approved and contracted	36 734	8 799
Approved and not yet contracted	-	-
Capital expenditure	7 111	2 607
Approved and contracted	7 111	2 607
Approved and not yet contracted	-	-
Total	43 845	11 406

19. Accruals

Listed by economic classification	30 Days	30+ Days	2008/09	2007/08
	(R'000)	(R'000)	Total (R'000)	Total (R'000)
Goods and services	20 080	8 868	28 948	6 313
Machinery and equipment	500	56 888	57 388	68
Total	20 580	65 756	86 336	6 381

Listed by programme level	Note	2008/09	2007/08
		(R'000)	(R'000)
Programme 1: Administration		26 367	5 718
Programme 2: Services to Citizens		57 938	663
Programme 3: Immigration Services		2 031	-
Total		86 336	6 381

Confirmed balances with departments	Annex 4	2008/09	2007/08
		(R'000)	(R'000)
		8 154	-
Total		8 154	-

20. Employee benefits

	2008/09	2007/08
	(R'000)	(R'000)
Leave entitlement	53 944	44 357
Thirteenth cheque	36 567	28 907
Capped leave commitments	111 539	105 284
Total	202 050	178 548

21. Lease commitments

21.1 Operating leases

	Land	Buildings and other fixed structures	Machinery and equipment	Total
	(R'000)	(R'000)	(R'000)	(R'000)
2008/09				
Not later than 1 year	-	82 695	104 724	187 419
Later than 1 year and not later than 5 years	-	96 531	317 384	413 915
Later than five years	-	17 234	-	17 234
Total	-	196 460	422 108	618 568

	Land	Buildings and other fixed structures	Machinery and equipment	Total
	(R'000)	(R'000)	(R'000)	(R'000)
2007/08				
Not later than 1 year	-	93 384	4 524	97 908
Later than 1 year and not later than 5 years	-	-	3 480	3 480
Later than five years	-	-	-	-
Total	-	93 384	8 004	101 388

During the financial year the Department procured computer equipment to the value of R8,5 million which it intends to lease. The Department is in the process of finalising the lease agreements, accordingly no lease commitments relating to such assets are disclosed above.

With regards to the Who Am I Online (WAIO) project, the business case has been approved for R2,2 billion, of which expenditure of approximately R588 million has been contracted for and the remaining R1,6 billion represents committed but un-contracted expenditure.

21.2 Finance leases

2008/09

Not later than 1 year	-	-	41 942	41 942
Later than 1 year and not later than 5 years	-	-	124 328	124 328
Later than five years	-	-	-	-
Total lease commitments	-	-	166 270	166 270
LESS: finance costs			(41 559)	(41 559)
Total present value of lease liabilities	-	-	124 711	124 711

Land	Buildings and other fixed structures	Machinery and equipment	Total
(R'000)	(R'000)	(R'000)	(R'000)
-	-	41 942	41 942
-	-	124 328	124 328
-	-	-	-
-	-	166 270	166 270
		(41 559)	(41 559)
-	-	124 711	124 711

2007/08

Not later than 1 year	-	-	26 158	26 158
Later than 1 year and not later than 5 years	-	-	133 632	133 632
Later than five years	-	-	-	-
Total lease commitments	-	-	159 790	159 790
LESS: finance costs			-	-
Total present value of lease liabilities	-	-	159 790	159 790

Land	Buildings and other fixed structures	Machinery and equipment	Total
(R'000)	(R'000)	(R'000)	(R'000)
-	-	26 158	26 158
-	-	133 632	133 632
-	-	-	-
-	-	159 790	159 790
		-	-
-	-	159 790	159 790

22. Receivables for departmental revenue

Sales of goods and services other than capital assets	147 294	20 412
Fines, penalties and forfeits	14 874	14 321
Total	162 168	34 733

Note	2008/09 (R'000)	2007/08 (R'000)
	147 294	20 412
	14 874	14 321
22.1	162 168	34 733

22.1 Analysis of receivables for departmental revenue

	2008/09 (R'000)
Opening balance	34 733
Less: amounts received	(22 513)
Add: amounts recognised	149 948
Less: amounts written-off/reversed as irrecoverable	-
Closing balance	162 168

The "sales of goods and services other than capital assets" includes only confirmed receivable revenue from the Department of Foreign Affairs, which is supported by the required documentation / vouchers for verification and allocation. This receivable revenue will exclude any potential revenue included in the unconfirmed balance. This is due to the fact that the unconfirmed balances do not have any supporting documentation / vouchers to verify the correct allocation to either revenue, expenditure, repatriation deposits or repatriation refunds.

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	2008/09 (R'000)	2007/08 (R'000)
Opening balance	1 923	7 897
Add: Irregular expenditure – relating to current year	198 152	614
Less: Amounts condoned	(723)	(6 588)
Irregular expenditure awaiting condonation	199 352	1 923
Analysis of awaiting condonation per age classification		
Current year	197 429	614
Prior years	1 923	1 309
Total	199 352	1 923

23.2 Detail of irregular expenditure - current year

Incident	Disciplinary Steps taken/ Criminal proceedings	2008/09 (R'000)
Non compliance with Tender procedure	None	130 647
Non-compliance with Treasury Regulations 16A.6.6	None	66 782
Non-compliance with Procurement procedures	None	723
Total		198 152

Irregular expenditure to the amount of R 198,2 million was incurred during the current year. Of this, R 130,6 million, relates to non-compliance of procurement processes by the State Information Technology Agency undertaken in 2006.

In addition, R 66,8 million emanates from payments made on deportation transport contracts that had expired. The Department participated in the transversal contract without prior written approval from National Treasury as required in terms of Treasury Regulation 16 A 6.6. An application to National Treasury to have the expenditure condoned is in progress.

R0,7 million relates to procurement regulations that were not adhered to.

23.3 Details of Irregular Expenditure Condoned – Current year

Incident	Condoned by	2008/09 (R'000)
Non-compliance with Procurement procedures	Accounting Officer	723
Total		723

The R0,7 million irregular expenditure was condoned during the current year by the Accounting Officer after all such irregularities were investigated.

Condonement of the finance lease payments amounting to R40,9 million included in the R130,6 million, referred to point 23.2, by National Treasury has been approved subsequent to year end.

24. Related party transactions

The following related party relationship exists:

- Department of Public Works;
- Government Printing Works; and
- Independent Electoral Commission.

Information regarding key management personnel is disclosed in Note 25. No transactions were identified that occurred between key management personnel and any other related parties that require further disclosure.

Goods and services	2008/09 (R'000)
Department of Public Works (note 1)	(30 549)
Government Printing Works (note 2)	(534 599)

Note 1: Payments to the Department of Public Works relates to leases, owned and leasehold property expenditure, refurbishments and municipal services.

Note 2: Includes payments for stationary and related printing material.

Refer to Annexure 1B for disclosure of transfers and subsidies for additional related party transactions. Balances outstanding are disclosed under Interdepartmental payables and receivables in Annexure 3.

25. Key management personnel

	No. of Individuals	2008/09 (R'000)	2007/08 (R'000)
Political office bearers	2	2 940	2 006
Officials:			
Level 15 to 16	7	8 876	5 758
Level 14	31	19 803	16 506
Total	40	31 619	24 270

26. Provisions

	2008/09 (R'000)	2007/08 (R'000)
Potential irrecoverable debts		
Other debtors	2 513	2 442
Claims recoverable	282	265
Total	2 795	2 707

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Current year adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
MACHINERY AND EQUIPMENT	581 442	61 924	223 023	(17 149)	849 240
Transport assets	135 179	10 485	21 513	-	167 177
Computer equipment	353 054	35 843	187 795	(14 983)	561 709
Furniture and office equipment	83 954	13 386	12 225	(2 135)	107 430
Other machinery and equipment	9 255	2 210	1 490	(31)	12 924
TOTAL	581 442	61 924	223 023	(17 149)	849 240

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
MACHINERY AND EQUIPMENT	164 242	-	-	58 781	223 023
Transport assets	21 513	-	-	-	21 513
Computer equipment	129 584	-	-	58 211	187 795
Furniture and office equipment	11 856	-	-	369	12 225
Other machinery and equipment	1 289	-	-	201	1 490
TOTAL	164 242	-	-	58 781	223 023

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	(R'000)	(R'000)	(R'000)	(R'000)
MACHINERY AND EQUIPMENT	-	17 149	17 149	-
Transport assets	-	-	-	-
Computer equipment	-	14,983	14,983	-
Furniture and office equipment	-	2,135	2,135	-
Other machinery and equipment	-	31	31	-
TOTAL	-	17 149	17 149	-

27.3 Movement for 2007/08

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance (R'000)	Additions (R'000)	Disposals (R'000)	Closing balance (R'000)
MACHINERY AND EQUIPMENT	416 082	165 405	45	581 442
Transport assets	129 857	5 322	-	135 179
Computer equipment	198 574	154 480	-	353 054
Furniture and office equipment	78 895	5 104	45	83 954
Other machinery and equipment	8 756	499	-	9 255
TOTAL	416 082	165 405	45	581 442

27.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR THE YEAR ENDED 31 MARCH 2009

	Intangible assets (R'000)	Heritage as-sets (R'000)	Machinery and equipment (R'000)	Biological assets (R'000)	Total (R'000)
Minor assets	438	-	74 280	-	74 718
TOTAL	438	-	74 280	-	74 718

	Intangible assets	Heritage as-sets	Machinery and equipment	Biological assets	Total
Number of minor assets	236	-	112 385	-	112 621
TOTAL	236	-	112 385	-	112 621

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing Balance
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
COMPUTER SOFTWARE	71 945	341 944	77 910	-	491 799
TOTAL	71 945	341 944	77 910	-	491 799

28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash	Non-Cash	(Development work in progress - current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
COMPUTER SOFTWARE	77 767	-	-	143	77 910
CAPITALISED DEVELOPMENT COSTS	62 951	-	(62 951)	-	-
TOTAL	140 718	-	(62 951)	143	77 910

28.2 Movement for 2007/08

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance (R'000)	Additions / Adjustments (R'000)	Disposals (R'000)	Closing balance (R'000)
CAPITALISED DEVELOPMENT COSTS	-	-	-	-
COMPUTER SOFTWARE	42 433	29 512	-	71 945
OTHER INTANGIBLES	113 067	(113 067)	-	-
TOTAL	155 500	(83 555)	-	71 945

DEPARTMENT OF HOME AFFAIRS

VOTE 4 - CENTRAL GOVERNMENT ADMINISTRATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	2008/09						2007/08			
	GRANT ALLOCATION			TRANSFER		SPENT				
	Division of Revenue Act (R'000)	Roll Overs (R'000)	Adjustments (R'000)	Total Available (R'000)	Actual Transfer (R'000)	% of Available funds Transferred %	Amount received by municipality (R'000)	Amount spent by municipality (R'000)	% of available funds spent by municipality %	Division of Revenue Act (R'000)
Vehicle Licences	-	-	-	-	634	-	-	-	-	452
Total	-	-	-	-	634	-	-	-	-	452

**ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	2008/09					2007/08	
	TRANSFER ALLOCATION				TRANSFER		
	Adjusted Appro-pria- tion Act (R'000)	Roll Overs (R'000)	Adjust- ments (R'000)	Total Available (R'000)	Actual Transfer (R'000)	% of Available funds Transferred %	Appro-pria- tion Act (R'000)
Film and Publication Board	33 519	-	-	33 519	33 519	100	19 206
Government Printing Works	135 222	-	2 203	137 425	137 425	100	110 212
Independent Electoral Commission	959 154	-	80 239	1 039 393	1 039 393	100	485 250
Total	1 127 895	-	82 442	1 210 337	1 210 337	100	614 668

ANNEXURE 1C STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	2008/09					2007/08
	TRANSFER ALLOCATION			EXPENDITURE		Appropriation Act (R'000)
	Adjusted Appropriation Act (R'000)	Roll Overs (R'000)	Adjustments (R'000)	Total Available (R'000)	Actual Transfer (R'000)	
Transfers						
Employee Social Benefit-Cash	-	-	-	-	9 979	10 677
Claims Against the State	-	-	-	-	839	-
Donations and Gifts Household-cash	-	-	-	-	19	-
Total	-	-	-	-	10 837	10 677

ANNEXURE 2A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount (R'000)	Opening balance 1 April 2008 (R'000)	Guarantees draw downs during the year (R'000)	Guarantees repayments/cancelled/reduced/released during the year (R'000)	Revaluations (R'000)	Closing balance 31 March 2009 (R'000)	Guaranteed interest for year ended 31 March 2009 (R'000)	Realised losses not recoverable i.e. claims paid out (R'000)
	Motor vehicles								
Stannic		1 108	788	320	-	-	1 108	-	-
	Sub-total	1 108	788	320	-	-	1 108	-	-
	Housing								
ABSA		2 063	2 313	58	308	-	2 063	-	-
African / Unique Bank		44	57	-	13	-	44	-	-
BOE Bank		822	904	-	82	-	822	-	-
FNB		665	840	13	187	-	666	-	-
Free State Development		18	18	-	-	-	18	-	-
Green Start H/L		17	17	-	-	-	17	-	-
Hlano Fin. Service		18	18	-	-	-	18	-	-
Ithala		34	34	-	-	-	34	-	-
MEEG Bank		59	59	-	-	-	59	-	-
NP Develop Corp		258	241	17	-	-	258	-	-
NEDCOR		2 163	2 414	14	264	-	2 164	-	-
NHFC		46	66	-	21	-	45	-	-
Old Mutual Bank		173	170	36	33	-	173	-	-

**ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – LOCAL (continue)**

Guarantor institution	Guaranteee in respect of	Original guaranteed capital amount (R'000)	Opening balance 1 April 2008 (R'000)	Guarantees draw downs during the year (R'000)	Guarantees repaid/cancelled/reduced/released during the year (R'000)	Revaluations (R'000)	Closing balance 31 March 2009 (R'000)	Guaranteed interest for year ended 31 March 2009 (R'000)	Realised losses not recoverable i.e. claims paid out (R'000)
Peoples Bank		425	453	16	44	-	425	-	-
Saambou		804	919	-	115	-	804	-	-
Siyanda District Municipality		7	7	-	-	-	7	-	-
STD Bank		1 011	1 117	-	106	-	1 011	-	-
TNBS Mutual Bank		33	33	-	-	-	33	-	-
UNI Bank		15	15	-	25	-	(10)	-	-
VBS Mutual Bank		122	129	17	-	-	146	-	-
	Sub-total	8 797	9 824	171	1 198	-	8 797	-	-
	Total	9 905	10 612	491	1 198	-	9 905	-	-

**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009**

NATURE OF LIABILITY	Opening Balance 01/04/2008 (R'000)	Liabilities incurred during the year (R'000)	Liabilities paid/cancelled/ reduced during the year (R'000)	Liabilities recoverable (R'000)	Closing Balance 31/03/2009 (R'000)
Claims against the department					
Litigation and Legal Enquiries	2 455	3 659	390	-	5 724
Total	2 455	3 659	390	-	5 724

ANNEXURE 3 CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009 (R'000)	31/03/2008 (R'000)	31/03/2009 (R'000)	31/03/2008 (R'000)	31/03/2009 (R'000)	31/03/2008 (R'000)
Department						
Salaries Recoverable	511	730	-	-	511	730
Sub-Total	511	730			511	730
Other Government Entities						
Film and Publication Board	401	18	-	-	401	18
Sub-total	401	18	-	-	401	18
Total	912	748	-	-	912	748

Inter Departmental Balances - Department of Foreign Affairs

CONFIRMED	Note	2008/09 (R'000)	*2007/08 (R'000)
Revenue		84 602	69 933
Repatriation Deposits		109 872	88 265
Harare credits (exchange rate amendments confirmations)		55 559	55 559
Diplomatic Mail refund		23	23
Total		250 056	213 780

* Comparative figures are restated as a result of adjustments made to months affected by the exchange rate amendments.

UNCONFIRMED	Note	2008/09 (R'000)	*2007/08 (R'000)
Credits	1	1 208 449	874 137
Total		1 208 449	874 137

* Comparative figures are restated as a result of adjustments made to months affected by the exchange rate amendments.

Note 1: Unconfirmed Balances Split

The unconfirmed balance consist of R1 208 449, which includes revenue and repatriation deposits. The balance is disclosed as unconfirmed as the Department has not had sight of the vouchers supporting these transactions which originated at foreign missions. As a result of this, a distinction between revenue and repatriation deposits cannot be fully disclosed.

ANNEXURE 4 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009 (R'000)	31/03/2008 (R'000)	31/03/2009 (R'000)	31/03/2008 (R'000)	31/03/2009 (R'000)	31/03/2008 (R'000)
The Property Management Trading Entity	-	-	7 914	-	7 914	-
Department of Correctional Services	-	-	634	-	634	-
National Prosecuting Authority	-	-	24	-	24	-
Government Communication and Information System	-	-	91	-	91	-
Western Cape National Department of Health	-	-	6	-	6	-
Department of Public Service and Administration	-	-	7	-	7	-
G-Fleet	8 154	-	8 802	-	16 956	-
Total	8 154	-	17 478	-	25 632	-

Inter Departmental Balances - Department of Foreign Affairs

CONFIRMED	Note	2008/09 (R'000)	*2007/08 (R'000)
Expenditure		71 174	59 655
Repatriation Refunds		67 937	54 739
Harare debits (exchange rate amendments confirmations)		18 354	18 354
Sub-total		157 465	132 748
Payment to Department of Foreign Affairs	2	(51 812)	-
Total		105 653	132 748

* Comparative figures are restated as a result of adjustments made to months affected by the exchange rate amendments.

UNCONFIRMED	Note	2008/09 (R'000)	*2007/08 (R'000)
Debits	1	968 757	719 111
Total		968 757	719 111

* Comparative figures are restated as a result of adjustments made to months affected by the exchange rate amendments.

Note 1: Unconfirmed Balances Split

The unconfirmed balance consists of R968 757 debits, which includes expenditure and repatriation refunds. The balance is disclosed as unconfirmed as the Department has not had sight of the vouchers supporting these transactions which originated at foreign missions. As a result of this, a distinction between expenditure and repatriation refunds cannot be fully disclosed.

Note 2: R 51.8 million expenditure payment

The Department made a R51, 8 million payment to the Department of Foreign Affairs at the end of March 2009 and this does not reflect on the Department of Foreign Affairs Account at year end.



**Immigration Account
Unaudited Annual
Financial Statements
For the year ended 31 March 2009**

IMMIGRATION ACCOUNT UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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IMMIGRATION ACCOUNT UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009 STATEMENT OF THE FINANCIAL PERFORMANCE

	Note	2008/09 R'000	2007/08 R'000
REVENUE			
Interest earned		53 103	30 375
EXPENDITURE			
Bank charges		2 766	203
Exchange losses	8	2 500	-
SURPLUS FOR THE YEAR		50 337	30 172

STATEMENT OF THE FINANCIAL POSITION

ASSETS			
Cash and cash equivalents	2	554 696	436 400
LIABILITIES			
Unclaimed repatriation deposits	3	418 816	350 857
NET ASSETS (represented by accumulated surpluses)		135 880	85 543

STATEMENT OF THE CHANGES AND NET ASSETS

Opening balance	85 543	55 371
Surplus for year	50 337	30 172
Closing balance	135 880	85 543

Note: The accumulated surplus at the end of 2009 consists of cumulative net interest earned, a portion of which may be paid to the National Revenue Fund (NRF), once agreement has been reached with National Treasury on the appropriate treatment.

CASH FLOW STATEMENT

	Note	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		182 977	280 642
Payments		(64 681)	(161 351)
Net increase in cash and cash equivalents	4	118 296	119 291
Cash and cash equivalents at the beginning of the year		436 400	317 109
Cash and cash equivalents at the end of the year		554 696	436 400

IMMIGRATION ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements.

1. PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

Basis of preparation

These financial statements reflect transactions and balances that arose as a result of the legislative repatriation deposit requirements contained in the Alien Control Act 96 of 1991 (repealed by S54 of Immigrations Act) and the Immigration Act No 13 of 2002 as amended and its Regulations as published in Government Gazette 31 Jan 2005 (No 27227 and 27 June 2005 (No 27725). The Regulations to the Act describe the requirement of financial or other guarantees for visa's or transit visa's and specific types of permits which include visitors, study, treaty, business, crew, medical, relatives, work, corporate and exchange permits.

The Immigration Act, the Public Finance Management Act and Treasury Regulations do not specify that financial statements for this Account should be prepared using a financial reporting framework.

The Office of the Accountant-General has approved the preparation of entity specific financial statements in terms of SAAPS 2 as issued by IRBA.

The Financial Statements have been prepared on a modified cash basis of accounting, except for the unclaimed repatriation deposits, which have been reflected as a liability, and include such additional criteria considered appropriate for this Account. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

Comparative figures

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

1.1 REVENUE

Interest

Interest is recognised in the Statement of Financial Performance when the cash is received.

Net interest is paid periodically to the National Revenue Fund. Net interest earned comprises interest less bank charges. Net interest not paid over to the NRF has accumulated in a commercial bank account and is reflected in the accumulated surplus account.

Forfeitures

Forfeited deposits are recognised as revenue and comprise of the following:

- Any forfeiture arranged via the relevant section of the Immigration Act dealing with deposits and forfeitures;
- When a foreigner has violated the conditions of his /her temporary residence permit; and
- Forfeitures are approved by the Immigration Services Branch of the Department.

Forfeited deposits are paid into the National Revenue Fund.

Exchange gains

Exchange gains arise when repatriation refunds made by the Department of Foreign Affairs are converted into ZAR and where such refund is less than the original ZAR repatriation deposit received, as reflected in the Department's books and records.

Exchange gains are calculated by the Department and paid into the Immigration Account's commercial bank account.

1.2 EXPENDITURE

The Immigration Account's operating and administration costs, with the exception of bank charges, are borne by the Department.

The costs incurred to deport illegal immigrants are borne by the Department.

Exchange losses

Exchange losses arise when repatriation refunds made by the Department of Foreign Affairs are converted into ZAR and where such refund exceeds the original ZAR repatriation deposit received, as reflected in the Department's books and records. Exchange losses are recorded and accumulated in the Department's accounting records and the cash required to re-imburse the Department for realised exchange losses is claimed from the Immigration Account's commercial bank account.

1.3 ASSETS

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand.

Cash received by the Department in respect of deposits required in terms of the Immigration Act No. 13 of 2002 are deposited into a commercial bank account. Cash payments made by the Department in respect of refunds paid to foreigners in terms of the Immigration Act No. 13 of 2002 are made from such commercial bank account.

1.4 LIABILITIES

Unclaimed deposits

Unclaimed deposits comprise repatriation deposits owing to foreigners in terms of the Immigration Act No 13. of 2002 (previously known as the Alien Control Act). The Regulations stipulate the requirement of financial or other guarantees which may take the form of an upfront cash payment, referred to in the Regulations as a deposit. Unclaimed deposits are carried at cost.

Manual receipts (BI / FA forms) are issued to depositors on receipt of cash. The Department refunds depositors upon the presentation of valid original receipt (BI/ FA form). The onus is upon the eligible depositor to claim back the deposit.

The Department implemented a deposit register with effect from 1 April 2008. All repatriation deposit transactions are deposited in and refunded from the designated commercial bank account.

A portion of the unclaimed deposits balance may be paid into the National Revenue Fund (NRF) once the Department's reconciliation process has been finalised.

As a result of the above all unclaimed deposits and such amounts determined as payable to the NRF are disclosed as a liability. The amounts are refunded in the following cases.

- When permanent residence is granted to an applicant;
- An applicant has changed from the previous employer and a new deposit is required,;
- The applicant left the country within the validation period of his/her temporary residence permit; and
- When an applicant has left the country with the necessary approval after his/her temporary residence permit has expired.

It is not possible to determine a current or non-current portion of unclaimed repatriation deposits as some refunds may take place within one year while others may only occur several years later.

Interest earned on the repatriation deposits does not accrue to depositors.

2. CASH AND CASH EQUIVALENTS

Cash at bank

2008/09 R'000	2007/08 R'000
554 696	436 400

The Immigration Account (previously known as the Alien's Deposit Account) previously consisted of the Paymaster-General Account No. 8033-103-3. A commercial bank account was opened on 14 September 1998 into which all repatriation deposits and refunds were paid / refunded from that date forward.

3. UNCLAIMED REPATRIATION DEPOSITS

	2008/09 R'000	2007/08 R'000
Opening balance	350 857	261 738
Deposits received	129, 873	248,960
Refunds and payments made	(62 213)	(159 714)
Adjustments	952	(1, 434)
Amount to be refunded to DHA	(653)	1 307
Closing balance	418 816	350 857

A register of unclaimed repatriation deposits was prepared based on documentation and data files available at the Department. Based on this information and the relevant data extracted from the Department's Q and A system, the unclaimed deposits balance can be compared to the balance in the financial statements as follows:

Unclaimed repatriation deposits as above	418 816	350 857
Balance according to repatriation database	437 227	323 955
Difference in process of being analysed and adjusted	18 411	(26 902)

4. RECONCILIATION OF NET CASH FLOWS FROM ACTIVITIES TO SURPLUS

Surplus	50 337	30 172
Non cash items:		
Increase in unclaimed deposits	67 959	89,119
Net increase in cash and cash equivalents	118 296	119 291

5. TRANSACTIONS ORIGINATING FROM FOREIGN MISSIONS

The Department of Foreign Affairs (DFA) receives and refunds certain deposits from third parties in terms of the Immigration Act No. 13 of 2002 at foreign missions throughout the world. The net amount receivable from the DFA is deposited into the Department's bank account on an ad-hoc basis throughout the financial year. The underlying transactions are captured in the Department's books and records based on the underlying documentation submitted by the DFA. All receipts and refunds relating to the Immigration Act No. 13 of 2002 are recorded in the Department's repatriation deposit general ledger account.

These financial statements do not reflect the receipts or refunds made by foreigners, where such transactions originated at foreign missions and where the Department has not received the cash from the DFA during the financial year under review.

6. AMOUNTS DUE TO THE NATIONAL REVENUE FUND (NRF)

Certain forfeited deposits have not been processed in these financial statements. Such forfeited deposits

are included in the unclaimed repatriation deposits balance – see note 3 and will be recognised as revenue once the reconciliation and adjustment process has been completed. Such revenue may be transferred to the NRF once the appropriate treatment has been finalised.

7. AMOUNTS DUE TO THE IMMIGRATION ACCOUNT

Certain bank guarantees were obtained from foreigners where no cash deposit was received. The Department is in the process of claiming outstanding bank guarantees in respect of forfeited deposits. The guarantees that are still enforceable will be accounted for in the Immigration Account's financial statements once the cash is received.

The registration of bank guarantees was discontinued during 2005/6.

8. EXCHANGE LOSSES AND GAINS

The Department claimed exchange losses from the Immigration Account's commercial bank account based on exchange rates and information received from DFA.



Annual Financial Statements

Government Printing Works

THE GOVERNMENT PRINTING WORKS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

General Information

Nature of business and principal activities

Government Printing Works is tasked with the rendering of printing and related services to Government Departments, Provincial Institutions and Local Authorities.

Legal form of entity

In accordance with the Public Finance Management Act (No.1 of 1999) Government Printing Works is classified as a trading entity.

Registered office

149 Bosman Street
Pretoria
0001

Business address

149 Bosman Street
Pretoria
0001

Postal address

Private Bag X 85
Pretoria
0001

Auditors

The Auditor-General

Bankers

ABSA
Reserve Bank

Accounting Officer

T S Moyane

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ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The Accounting Officer is required by the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999), to ensure that Government Printing Works (GPW) maintains and implements adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared on the going concern basis and in compliance with South African Statements of Generally Accepted Accounting Practice. Unless otherwise indicated, the financial statements are prepared on the same basis and accounting policies as in previous years to comply with South African Statements of Generally Accepted Accounting Practice except where it is directed by National Treasury (NT).

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2010 and, in the light of this review and the current financial position, the Accounting Officer is satisfied that the entity had or has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements set out on pages 173 to 208, which have been prepared on the going concern basis, were approved by the Accounting Officer on 28 July 2009.



Mr T S Moyane
Accounting Officer
Pretoria
28 July 2009

GOVERNMENT PRINTING WORKS

ACCOUNTING OFFICER'S REPORT FOR THE YEAR ENDED 31 MARCH 2009

EXECUTIVE SUMMARY

During the year under review (2008/2009), the Government Printing Works (GPW) achieved numerous milestones yet several challenges still prevailed from the previous years. Despite the achievements to date, the GPW still has a long way to go to achieve the intended and deliberate strategy in terms of its mandate.

Actions were taken to address the various short comings pointed out by the Auditor-General (AG) in the previous financial year. Short term gains were achieved with the improving of financial controls, management and cleaning-up slow moving and obsolete stock. There is however still ongoing challenges like the poor systems and poorly trained staff. The Strategic Plan for the GPW for 2008/2009 was only accepted towards the end of the financial year, which led to late implementation with minimum achievements.

One of the key achievements for the year under review was the recommendation by the Joint Evaluation Panel of the Department of Public Services and Administration (DPSA), National Treasury (NT) and the Department of Home Affairs (DHA) that the GPW be converted into a Government Component (GC) with effect from 1 April 2009. This also resulted in the Chief Executive Officer being appointed as the Accounting Officer, which will further assist to drive the transformation and conversion processes.

Subsequent to year-end, the GPW has also received concurrence from the NT that it be converted into a GC. We are now working in earnest to ensure that the GPW gives effect to the necessary approvals once the conversion is officially gazetted.

The GPW has also made a strategic decision to delay the finalising of the structures and the filling of key posts as the GC will have implications on this once approved. This decision was made to prevent abortive costs to the GPW. This however had an impact on the already overstretched management team.

In addition, the GPW also piloted the new Passport, which was successfully launched on the 8th April 2009 from our new state of the art facility in Pretoria.

A summary of key outcomes for the year under review follows below:

1. MANDATE AND CORE BUSINESS

The Organisation operates as a Trading Entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) and consequently must be operated on purely business principles, yet staying within the mandate and control of the State. This was also a key recommendation of the Minister of Finance in the concurrence to the conversion process subsequent to the year-end.

The GPW core business is the rendering of security printing and related services to Government Departments, Provincial Institutions and Municipalities. This entails the following: -

- Compiling, editing, printing and distribution of Government Gazettes and Provincial Gazettes;
- The procurement and stocking of departmental forms and face value documents;
- The provision of a printing service pertaining to high security documents and also printed matter of general nature; and
- The procurement and distribution of standard stationary items.

However, during the year under review the GPW had to undertake other functions and services in the printing market to ensure financial viability.

2. CONVERSION INTO GOVERNMENT COMPONENT

The GPW conversion business case was presented and approved on the 3rd September 2008, making recommendations to the Ministers of the DPSA, the NT and the DHA to concurrence to convert the GPW into a GC, to this end, all the Ministers have concurred with the recommendations of the Joint Evaluation Panel which comprised of the DPSA, the NT and the DHA respectively.

The GC, a new form of Entity, established in terms of schedule 3 of the Public Service Act – Section 7 (5)(c) which came into effect on the 1st April 2008 and after due deliberations was considered to be the best form of Entity suitable for a “production type” organisation such as the GPW.

The transformation of the GPW through a process of conversion will provide the GPW with the autonomy and flexibility to operate more efficiently and effectively in South Africa's growing printing industry. This will also help the expansion and maximisation of the production facilities into other African States over a period of time as the internal capacity is developed and optimised.

3. TECHNOLOGICAL UPGRADING AND MODERNISATION

In the year under review, the GPW expended approximately R293 million to optimise and modernise its production facilities. The bulk of this spent was in relation to the new passport facility and equipment.

Over the forthcoming Medium Term Expenditure Framework (MTEF) period, the GPW still plans to spend R367 million to complete the modernisation process.

These upgrades will place the GPW on par with other major local and foreign printers' targeting the same markets as that of the GPW.

4. NEW SECURITY PRINTING FACILITY AND PRODUCTION PROCESS OPTIMISATION

The move or relocation to a new plant or factory progressed steadily in 2008/2009, despite various challenges. Several interventions were required and the GPW finally moved into the new passport facility in December 2008, which was followed by the installation and commissioning of new machines at the site.

The plan now is to secure the remainder of the unused outbuildings for the remainder of the GPW operations.

5. MARKETING STRATEGY AND OPPORTUNITIES

The GPW primary focus will be to focus on the South African Government Departments and to remain focused on its core business and mandate.

However, as capacity improves over time the GPW will aggressively target other governments, external to our borders. In effect, the GPW still continues to aggressively target other governments as opportunities based on tenders and direct enquiries arise.

- i. Opportunities in the government market
Beyond the increase in economic activity, there is clearly room to expand the range and value of products that could fall within the security printing segment. The introduction of enhanced security features to a wider range of government forms and documents provides scope for the sophistication of printing services.

An example is the upgrading of the social security forms which beneficiaries currently present for the payment of benefits, to include (UV inked) security elements for ready identification of fraudulent forms being presented for payment. The security printing proportion of Government's requirements is estimated at R50 to R100 million per year and the expansion of these features will broaden the potential remit of the GC.

- ii. Marketing - Opportunities in the SADC region
A number of governments within the South African Development Community (SADC) do not have access to the modern printing facilities, but have the need for a range of secure printing production for their own security documents. Much of this is currently outsourced to private sector printers in Europe.

A confident, well performing and well established GC, with all proper protocols, procedures, facilities and security accreditation, would be very well placed to bid for and win at least a proportion of such work. Government ownership coupled

with improved corporate governance, and proven service delivery standards would confer additional "credibility" when bidding for this work. However, this opportunity is dependent on the mandate allowing competition with non-South African private sector printers.

iii. Competition

A converted GC would be in a good position to influence the much needed consolidation in the printing industry. By its use of carefully designed, BBBEE-compatible procurement policies, the GC would be able to encourage suitable companies to merge together, so as to be able to bid for larger contracts.

An enhanced GC productivity will reduce the amount of 'outsourced' security printing work. As an immediate consequence, printing charges to the relevant Government departments will be reduced, as the majority of that outsourced material may now be handled in-house by the GC with more flexible and effective utilisation of plant.

iv. Research and Development in new technologies

Research and development are the cornerstone of the security printing organisations, collaboration with similar institutions locally and internationally has become imperative. This initiative is supported by participating in seminars and workshops organised by the International Civil Aviation Organisation (ICAO) and manufacturers of high security printing machines and equipment.

6. GOVERNMENT COPYRIGHT

One important issue that has been frequently overlooked in the conversion related exercises of government printing operations, has been the issue of claiming Government copyright in Government documents. In particular, we refer to Government copyright in bills, statutes, regulations, hallmarks, Government crests, flags, maps, passports, Identity Documents, stamps, and other documents that *by their nature are the unique properties of the Government of South Africa*.

It is imperative that all Government copyright issues are identified and resolved. This matter can be resolved considering the fact that the Government is the sole shareholder. This process should identify and address any need for specific statutory provision to be passed by the South African Government to safeguard this copyright.

7. PRICING STRATEGY

Tariffs are changed in terms of the GPW policies and after receiving approval on the charges by the NT.

The GPW provides services to these organisations on a full cost recoverable basis and this pricing strategy was reviewed to ensure that the GPW remains sustainable going forward and to fund future investment in facilities and equipment.

8. CHALLENGES

Service delivery is still adversely affected by problems emanating from its human and material resources. In the field of human resources, the organisation still continues to lose experienced and qualified artisans and administrative personnel to the private printing sector because the latter offers attractive remuneration packages and working conditions. Actions to address management and staff shortcomings included the appointment of an Acting Chief Financial Officer with effect from 1st July 2008, the appointment of several strategic management and operational resources on contract. A new top management structure has been approved, which will be filled during the next financial year.

In an attempt at restructuring, the organisation has received favourable support from the DPSA for an Occupation Specific Dispensation (OSD) for certain key occupations within the GPW. This process should be finalised in the 2009/2010 financial year and may assist with the problem above and reduce the dependency on external printers.

In addition, finance still remains a challenge, and attempts are in progress to address further funding requirements to advance its equipment replacement and modernisation programme.

9. SUCCESSES

Whilst the GPW has not fully achieved its deliverables for the year under review primarily due to the delays in the conversion process and its human resources challenges, the organisation still succeeded in achieving the following: -

- Successful launch of the new passport production with internationally benchmarked security features;
- Finalising Phase 1 of the new facility for the GPW with the Department of Public Works (DPW);
- Progress with the approval on the conversion of the GPW into a GC; and
- Progress with upgrading of recapitalisation programme.

In addition to the above, the organisation has produced the following documents and turnaround times as per the Production Statistics:

Product	2007/ 2008	2008/ 2009	% Variance
Passports (books)	1,131,578	1,259,611	11%
Identity Documents (books)	2,181,271	2,499,419	15%
Examinations (books)	23,197,867	38,794,029	67%
Government Gazettes (copies)	3,568,228	3,125,700	-12%
Revenue Unit Stamps (number of sheets)	41,400	50,000	21%

10. ACKNOWLEDGEMENT

The GPW received for the year under review support and assistance from the DHA in the form of Consultants to assist in addressing the capacity constraints in the GPW. Several key posts were filled with this support, including the Acting Chief Financial Officer, which has been vacant since the previous financial year.

11. SCOPA RESOLUTIONS AND PRIOR YEAR MODIFICATIONS

In the past financial years the GPW received Adverse Audit opinions from the AG covering a number of items as disclosed, further, several Standing Committee on Public Accounts (SCOPA) resolutions items were raised during this period.

During the year under review, the GPW developed a plan of action with a view to address all the major issues which were raised by the AG and those by SCOPA. However, the implementation of this plan was dependent on two critical factors; namely, the establishment of the GPW as a GC and the recruitment of the requisite skills within the organisation. The approval for conversion into a GC took longer than anticipated with the receipt of the concurrence report from the NT in April 2009; this impacted significantly on the ability of the GPW to implement the recruitment drive.

Although the GPW could not recruit as planned the additional skills and expertise required within the organisation during the year under review, significant efforts were made and progress was achieved with regards to the implementation of the plan of action, some of which are tabulated below: -

- Debtors days were reduced from 148 days outstanding (2007/2008) to 87 days outstanding (2008/2009);
- Debt collection improved during the last 6 months of the current financial year to an average of R50 million per month from an average of R35 million per month in the previous financial year;
- The GPW embarked on a massive inventory clean up exercise in order to bring stock holding to an acceptable level. During this process, stock to the value of R15,581 million was identified as obsolete or slow moving stock and subsequently written off;

- Progress was made in the recording and reporting of the GPW fixed assets and an assets verification project was undertaken. The verification of the assets has been completed and the GPW is in the process of adjusting the records to reflect the assets correctly after all the governance processes have been followed; and
- Progress has been made in the cleanup of the suspense accounts, although this process was not finalised at year end, this will be adequately addressed in the next financial year.

12. KEY FINANCIAL HIGHLIGHTS

During the year under review, the GPW achieved the following:

Detail	Budget 2008/09 R '000	Actual 2008/09 R '000
Revenue	580,100	525,853
Expenditure	(579,500)	(503,936)
Profit/(Loss)	600	21,917



Mr T S Moyane
Accounting Officer
28 July 2009

REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE GOVERNMENT PRINTING WORKS FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Government Printing Works (GPW) which comprise the statement of financial position as at 31 March 2009, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [172] to [208].

Responsibility of the Accounting Officer for the Financial Statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

Inventory

7. The SA Statement of GAAP, IAS 2(AC 108): Inventories, states that the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. A status 2 report generated on the non-integrated stock system includes job tickets amounting to R2,784 million (2008: R4,278 million) which had not been included in the financial system as these job tickets needs to be followed up and properly allocated to the correct accounts. Only after these allocations are performed, will it enable me to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and accuracy of the applicable balances and accounts.

Accounts Payable

8. The accounting officer did not ensure that the amounts included in the suspense accounts re-

lating to payments received from debtors, were cleared and correctly allocated to the relevant debtor accounts on a monthly basis, as required by Treasury Regulation 17.1.2.(b). The balances for these accounts, as accounted for in note 15 of the financial statements, amounted to R22,382 million (2008: R16,620 million) at year-end.

9. The SA Statement of GAAP, IAS 32, paragraph 12 states that a financial liability is any liability that is a contractual obligation to deliver cash or any other financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. The goods received control account included long-outstanding amounts totalling R4,080 (2008: R8,991 million). These amounts had accumulated as from 2005-06. Had these amounts been properly accounted for, payables would have decreased by R4,080 (2008: R8,991 million), expenses decreased by R3,723 million and accumulated reserves increased by R0,357 million.

Qualified Opinion

10. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, these financial statements present fairly the financial position of the GPW as at 31 March 2009 and its financial performance and cash flows for the year then ended, in accordance with the SA Statements of GAAP and in the manner required by the PFMA.

Emphasis of matter(s)

I draw attention to the following matters on which I do not express a qualified opinion:

Restatement of Corresponding Figures

11. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2008 have been restated as a result of an error discovered during 2009 in the financial statements of the GPW at, and for the year ended, 31 March 2008.

OTHER MATTERS

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

Unaudited Supplementary Schedules

12. The supplementary information set out on page 208 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Non-compliance with Applicable Legislation

13. Public Finance Management Act and Treasury Regulations
 - The accounting officer did not ensure effective, efficient, economical and transparent use of the resources of the GPW, as required by the PFMA section 38(1)(b).
 - The accounting officer did not take effective and appropriate steps to collect all money due to the trading entity, as required by section 38(1)(c)(i) of the PFMA and Treasury Regulation 11.2.(a).
 - The accounting officer did not settle outstanding debts in excess of R31,380 million (2008: R8,980 million) within the prescribed time frame of 30 days, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.
 - The accounting officer did not implement an appropriate accounts receivable system to manage revenue recognition efficiently and effectively, as required by Treasury Regulation 7.2.1.

Governance Framework

14. The governance principles that impact the auditor's opinion on the financial statements relate to the responsibilities and practices of the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

Internal Control Deficiencies

15. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the de-

iciencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for qualified opinion	CE	RA	CA	IC	M
7	Inventory – Status 2	1		3	1	
8	Payables un-cleared suspense accounts	1		3		1
9	Payables – Control account	1		3		1

16. Capacity constraints are mostly the reason for the inefficient internal controls within GPW. GPW is in the process of restructuring and becoming a government component (after approval is obtained). This will address these inefficiencies.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2

Legend	
Manual or automated controls are not designed to ensure that the transactions had occurred, were authorised, and were completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which in turn are not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key Governance Responsibilities

17. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines as set out in section 40 of the PFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	

No.	Matter	Y	N
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The trading entity had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7.	Internal audit		
	• The trading entity had an internal audit function in operation throughout the financial year.		✓
	• The internal audit function operates in terms of an approved internal audit plan.		✓
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.		✓
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		✓
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.		✓
12.	Powers and duties have been assigned as set out in section 44 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓
14.	SCOPA/Oversight resolutions have been substantially implemented.		✓
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the GPW against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulations 5.1, 5.2 and 6.1.		✓
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

18. The Department of Home Affairs has implemented a comprehensive turnaround strategy comprising of functional re-engineering projects as well as accounting clean-up processes. The aim of this project is, among others, to ensure that the concerns raised over financial management and internal control breakdown in prior years within the department and the GPW are adequately addressed. My audit has indicated that the aforementioned process is resulting in a significant improvement in the financial management and internal control processes and to a greater extent support the shift in my opinion from an adverse to a qualified opinion. The findings supporting the basis for qualification in the current year originate from elements of capacity constraints, continuous resignation of artisans and the inability to retain scarce resources. GPW have not maintained satisfactory levels of compliance with the relevant legislation and the key governance responsibilities.

Special Investigations

19. An investigation was conducted by an independent consulting firm at the request of the GPW. The investigation was initiated based on an allegation of possible misappropriation by employees of assets at one of the regional offices. The investigation failed to produce enough evidence to institute criminal proceedings against the employees.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Reporting on Performance Information

20. I was engaged to review the performance information.

The Accounting Officer's Responsibility for the Performance Information

21. The accounting officer has additional responsibilities

as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the trading entity.

The Auditor-General's Responsibility

22. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
23. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
24. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on Performance Information No Reporting of Performance Information

25. The entity has not reported performance against predetermined objectives, as required by section 40(3)(a) of the PFMA.

Content of strategic plan

26. The strategic plan of the trading entity did not include the measurable objectives, expected outcomes, programme outputs, indicators (measures) and targets of the entity's programmes, as required by Treasury Regulation 5.2.2(d).

APPRECIATION

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

Auditor-General

Pretoria
31 July 2009



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2009

Statement of Financial Performance

	Note(s)	2009 (R '000)	2008 (R '000)
Revenue	2	487 074	416 807
Cost of sales	3	(403 771)	(290 815)
Gross profit		83 303	125 992
Other income	4	34 519	6 158
Operating expenses	5	(100 165)	(118 444)
Operating profit		17 657	13 706
Interest received	6	4 260	9 175
Profit for the year		21 917	22 881

Statement of Financial Position as at 31 March 2009

	Note(s)	2009 (R '000)	2008 (R '000)
Assets			
Non-Current Assets			
Property, plant and equipment	8	348 696	53 011
Current Assets			
Inventories	9	126 366	104 659
Trade and other receivables	10	140 980	129 757
Cash and cash equivalents	11	103 307	276 833
		370 653	511 249
Total Assets		719 349	564 260
Net Assets and Liabilities			
Net Assets			
Capital fund	12&13	356 410	342 007
Surplus distributable to National Treasury		26 576	19 061
		382 986	361 068
Liabilities			
Non-Current Liabilities			
Deferred income	14	223 684	109 962
Current Liabilities			
Trade and other payables	15	108 543	91 325
Provisions	16	4 136	1 905
		112 679	93 230
Total Liabilities		336 363	203 192
Total Net assets and Liabilities		719 349	564 260

Statement of Changes in Net Assets

	Capital fund	Machinery & Equipment Fund	Total funds	Surplus distributable to National Treasury	Net assets
	R '000	R '000	R '000	R '000	R '000
Opening balance as previously reported	189 097	152 910	342 007	3 835	345 842
Adjustments					
Prior period adjustments	-	-	-	(3 350)	(3 350)
Balance at 01 April 2007 as restated	189 097	152 910	342 007	485	342 492
Changes in net assets					
Profit for the year	-	-	-	22 881	22 881
Transfer to bad debt provision	-	-	-	(4 305)	(4 305)
Total changes	-	-	-	18 576	18 576
Balance at 01 April 2008	189 097	152 910	342 007	19 061	361 068
Changes in net assets					
Profit for the year	-	-	-	21 918	21 918
Transfers from machinery and equipment fund	152 910	(152 910)	-	-	-
Transfer of treasury approved profits to capital fund	14 403	-	14 403	(14 403)	-
Total changes	167 313	(152 910)	14 403	7 515	21 918
Balance at 31 March 2009	356 410	-	356 410	26 576	382 986
Note(s)	12	13			

Cash Flow Statement

	Note(s)	2009 (R '000)	2008 (R '000)
Cash flows from operating activities			
Cash receipts from contributors and other sources		700 942	520 432
Cash paid to suppliers and employees		(556 694)	(385 463)
Cash generated from operations	17	144 248	134 969
Interest income		4 260	9 175
Net cash from operating activities		148 508	144 144
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(321 998)	(34 268)
Loss on disposal of property plant and equipment	8	(36)	-
Net cash from investing activities		(322 034)	(34 268)
Total cash movement for the year		(173 526)	109 876
Cash at the beginning of the year		276 833	166 957
Total cash at end of the year	11	103 307	276 833

Accounting Policies

1. Basis of preparation

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The Government Printing Works (GPW) concluded that the annual financial statements present fairly the entity's financial position, financial performance and cash flow.

These accounting policies are consistent with the previous year, except where the trading entity has adopted certain new and amended South African Statements of Generally Accepted Accounting Standards.

1.1 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de-recognised.

Cost or fair value

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life. Depreciation of an asset commences when the asset is ready for its intended purpose and brought to use.

Profits and losses arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognized in the statement of financial performance in the period in which they occur.

The annual depreciation rates are based on the following estimated asset lives:

Item	Years
Plant and equipment	1-10 years
Office furniture	6 years
Motor vehicles	5 years
Computer equipment	3 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

1.2 Financial assets and liabilities

1.2.1 Initial recognition

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments comprise of trade and other receivables, trade and other payables, cash and cash equivalents.

Financial assets and financial liabilities are recognised on the entity's financial position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments classified as loans and receivables are recognised as assets when the entity becomes a party to the contract and as a consequence has a legal right to receive cash.

1.2.2 Profits and losses and fair value adjustments

Profits, losses and fair value adjustments on financial instruments through surplus or deficit, both realised and unrealised are included in the statement of financial performance.

1.2.3 De-recognition

A financial asset is de-recognised when the entity loses control over the contractual rights that compromises the asset and consequently the substantive risk and benefits associated with the asset are transferred. This occurs when the rights are realised, expired or are surrendered.

The financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the statement of financial performance.

1.2.4 Interest

Interest income is recognised in the statement of financial performance as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes amortisation of any discount or premium or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

1.2.5 Trade and other receivables

Trade receivables are recognised initially at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when management believes that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within operating expenses. The amount of the allowance is calculated in accordance with the doubtful debt policy of the GPW. When a trade receivable is irrecoverable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

Trade and other receivables are classified as loans and receivables.

1.2.6 Trade and Other Payables

Trade payables are initially measured at fair value.

1.2.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held and owed by Paymaster General. These are initially and subsequently recorded at fair value.

1.3 Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease, except where it is immaterial in relation to the total lease payments and where variable escalation forms part of the payments.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.5 Impairment of Assets

The entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the re-

coverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If there is any indication that assets may be impaired, the recoverable amount is estimated for the individual asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in profit or loss.

The increased carrying amount of assets attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss.

1.6 Retirement Benefits

1.6.1 Pension Funds

The GPW contributes to the Government Employees Pension Fund in respect of employer's contribution to the Fund, as prescribed by law and therefore recognised as an expense in the accounting period. No provision is made for pension retirement benefits in the financial statements of the GPW as the pension scheme is administered by National Treasury (NT). Once the employee leaves the GPW, he/she becomes a pension member under the auspices of the NT and has no relationship with the GPW.

1.6.2 Medical Benefits

The GPW provides medical benefits for its employees in accordance with Public Service conditions of service benefits. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is therefore made for medical benefits in the financial statements of the GPW. The GPW does not bear any responsibility for medical benefits for employees who have retired.

1.6.3 Termination Benefits

Termination benefits are recognised and expensed only when payment is made and the actual costs are reflected. These benefits are pro rata leave and pro rata service bonus when an employee resigns or when an employee retires.

1.7 Provisions and Contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

Provisions shall not be recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.8 Conditional Grants and Receipts

Government grants are recognised when there is reasonable assurance that:

- the entity will comply with the conditions attached to them; and
- the grants will be received.

The deferred income relating to grants is recognised on the following basis:

Capital contributions on plant and equipment: The deferred income will be credited to the Statement of Financial Performance over the useful life of the asset starting when the asset is brought to use.

1.9 Revenue Recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract;
- variations in contract work, claims and incentive payments;
- to the extent that it is probable that they will result in revenue; and
- they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

1.10 Interest Income

Interest is recognised on a time-proportion basis using the effective interest method.

1.11 Translation of Foreign Currencies Foreign Currency Transactions

The functional and presentation currency of the GPW is the South African Rand. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency, being the South African Rand, at exchange rates ruling at the date of the statement of financial position. Exchange differences arising on the settlement of transactions, at rates different from those

at the date of the transaction, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the statement of financial performance and included in financing costs.

1.12 Significant Judgements, Estimates and Assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: allowance for doubtful debts, allowance for slow moving inventory, residual values, useful lives and depreciation methods, employee obligations and asset impairment tests.

Other judgements made relate to classifying financial assets and liabilities into categories.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2009 (R '000)	2008 (R '000)
2. Revenue		
Revenue	487 074	416 807
Regular sales	345 175	298 965
Contract Printing	141 899	117 842
	487 074	416 807
3. Cost of sales		
Direct labour	44 794	39 087
Manufacturing overheads	45 152	33 691
Direct Materials	290 139	211 737
Depreciation-Factory equipment	23 686	6 300
	403 771	290 815
4. Other income		
Administration fees (Home Affairs)	222	212
Bad debts recovered	3 552	2 823
Discount received	1 008	-
Deferred income	23 481	38
Other recoveries	39	2 036
Profit on exchange differences	6 178	938
Telephone refunds	39	111
	34 519	6 158
5. Operating expenditure		
Administration and management fees	3 559	26 882
Audit fees	3 092	3 267
Bad debts provision	30 711	28 710
Bad debts written off	196	2 691
Depreciation-Other equipment	2 528	453
Employee benefits less provisions	42 015	41 242
Other operating expenditure	18 028	15 199
Loss on sale of assets	36	-
	100 165	118 444
6. Interest received		
Interest charged on trade and other receivables	4 260	9 175

7. Net surplus for the year

The following items have been charged in arriving at net surplus

	2009 (R '000)	2008 (R '000)
Depreciation	17 240	7 944
Auditors' remuneration	3 084	3 267
Consultant fees	776	10 914
	21 100	22 125

8. Property, plant and equipment

	2009			2008		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Plant and equipment	420 067	(84 721)	335 346	110 714	(62 044)	48 670
Office furniture	11 384	(7 291)	4 093	9 135	(6 819)	2 316
Motor vehicles	880	(352)	528	880	(220)	660
Computer equipment	20 441	(11 712)	8 729	13 371	(12 006)	1 365
Total	452 772	(104 076)	348 696	134 100	(81 089)	53 011

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Write off of fixed assets	Depreciation	Total
Plant and equipment	48 670	311 093	(90)	(24 327)	335 346
Office furniture	2 316	2 608	(9)	(822)	4 093
Motor vehicles	660	-	-	(132)	528
Computer equipment	1 365	8 297	-	(933)	8 729
	53 011	321 998	(99)	(26 214)	348 696

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Write off of fixed assets	Depreciation	Total
Plant and equipment	20 339	32 776	-	(4 445)	48 670
Office furniture	2 565	514	(8)	(755)	2 316
Motor vehicles	880	-	-	(220)	660
Computer equipment	1 737	978	(14)	(1 336)	1 365
	25 521	34 268	(22)	(6 756)	53 011

9. Inventories

	2009 (R '000)	2008 (R '000)
Raw materials	47 221	28 947
Work in progress	42 546	30 231
Finished goods	36 599	45 481
	126 366	104 659

Inventories are valued consistent to previous years as stated in note 1.5. During the year under review slow moving and obsolete stock amounting to R15,581 million (2008: R0,616 million) were written off. A provision for slow moving and obsolete stock amounting to R2,175 million was passed during the current financial year.

10. Trade and other receivables

Trade receivables	98 030	105 688
Other receivables	42 950	24 069
	140 980	129 757

Included in other receivables are the following: Disallowance creditors of R2,445 million (2008: R2,445 million), Incapacity leave of R0,268 million (2008: R0 million), VAT of R10,093 million (2008: R9,715 million) and Creditors with debit balances of R7,642 million (2008: R8,582 million).

The GPW considers that the carrying amount of trade and other receivables approximates to their fair value. Concentrations of credit risk with respect to trade receivables are limited due to the majority of receivables being owed by Government departments. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the group's trade receivables.

Trade and other receivables impaired

As at 31 March 2009 trade and other receivables in the amount of R32,840 million was considered to be impaired and the provision for doubtful debts of R31,921 million was raised.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	27 616	-
Provision created	32 840	31 921
Less: Utilised surplus as per the NT	-	(4 305)
Less: Utilised	(8 175)	-
	52 281	27 616

The creation and release of provision for impaired receivables have been included in operating expenses in the income statement (note 5). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

	2009 (R '000)	2008 (R '000)
Cash on hand	25	17
Bank balances	5 389	2 319
Paymaster General	97 893	274 497
	103 307	276 833

12. Capital fund

Balance at the beginning of the year	189 097	189 097
Transfer from machinery and equipment fund	152 910	-
Transfer of the NT approved profits	14 403	-
	356 410	189 097

The capital fund originated through the transfer of net surplus in previous years' after the approval of the NT was obtained for the necessary transfers. The purpose of the fund is the financing of the operations of the GPW. The GPW was not in the position to transfer any surpluses to the fund in the past two financial years.

13. Machinery and Equipment fund

Balance at the beginning of the year	152 910	152 910
Transfer for capital expenditure	(152 910)	-
	-	152 910

The Machinery and Equipment fund originated through the transfer of surpluses in previous years' to the fund after the approval of the NT was obtained for the necessary transfers. The purpose of the fund is the financing of the capital expenditure of the GPW.

14. Deferred income

During the financial year under review the GPW received an amount of R137 million from the Department of Home Affairs (DHA) as a contribution in the acquiring of a new passport assembly line. The deferred income will be credited to the Statement of Financial Performance over the useful life of the asset starting when the asset is brought to use.

	2009 (R '000)	2008 (R '000)
Opening balance	109 962	-
Grants received during the year	137 203	110 000
Deferred income realised through depreciation and appropriation	(23 481)	(38)
Closing balance	223 684	109 962

15. Trade and other payables

Trade payables	27, 702	40 666
Other payables	76 220	46 204
Accrued expense - Leave pay	4 621	4 455
	108 543	91 325

Included in other payables are the following: Accruals of R42,130 million (2008: R10,770 million), Unallocated deposits of R22,382 million (2008: R16,620 million) and Debtors with credit balances of R11,639 million (2008: R18,509 million).

Management consider that the carrying amount of trade and other payables approximates their fair value.

The entity changed its leave policy in 2002 due to the new dispensation. The entity capped all employees' unused leave from the previous years prior to June 2000, limiting employees to take such leave during their working life at the entity under specific conditions. Capped leave is payable, based on the salary notch at the date of termination, which is only applicable if the termination of service is as a result of retirement, ill-health, death and specific leave conditions.

Accrued leave pay

Opening balance	4 455	4 506
Additions	166	-
Utilised during the year	-	(51)
	4 621	4 455

16. Provisions

Reconciliation of provisions - 2009

	Opening Balance	Additions	Total
Service Bonus	1 905	56	1 961
Provision for obsolete stock	-	2 175	2 175
	1 905	2 231	4 136

Reconciliation of provisions - 2008

	Opening Balance	Additions	Utilised during the year	Total
Service Bonus	1 922	3 617	(3 634)	1 905

The service bonus payable is based on an employees' monthly salary on date when the bonus is due (Month of birth). Bonus payable to employees is only applicable if an employee is still in the service of the entity or else on a pro rata basis in instances of retirement, ill-health and death.

17. Cash generated from operations

	2009 (R '000)	2008 (R '000)
Surplus for the year	21 917	22 881
Adjustments for:		
Depreciation and amortisation	26 213	6 754
(Profit) loss on sale of assets	36	-
Interest	(4 260)	(9 175)
Movements in provisions	2 231	(17)
Fixed assets written off	99	22
Transfer to bad debt provision	-	(4 305)
Other non cashflow items	2	2
Changes in working capital:		
Inventories	(21 707)	(8 637)
Trade and other receivables	(11 223)	9 447
Trade and other payables	17 218	8 035
Deferred income	113 722	109 962
	144 248	134 969

18. Operating leases

The GPW leases various items of office equipment, including photocopying machines, fax machines, a franking machine and a letter opener from various lessors. These lessors are Minolta and Pitney Bowes. The NT entered into these lease agreements on behalf of the GPW. The lease agreements are for 3 years and can be renewed at the end of the lease term. The lease arrangement does not impose any restrictions.

Future minimum lease payments at 31 March 2009.

R'000	R'000	R'000
Up to 1 year	1 to 5 Years	More than 5 years
R 387	R 160	R Nil

19. Depreciation - Operating expenditure

	2009 (R '000)	2008 (R '000)
Plant and machinery	1 266	(1 177)
Motor vehicles	93	155
Office equipment	601	573
Computer equipment	568	902
	2 528	453
Total depreciation - Operating expenditure	2 528	453

20. Employee benefits

Salaries and wages	73 762	68 060
Employer contributions:		
Pension	5 713	5 649
Housing	2 382	2 316
Medical	4 936	4 286
Public Service Co-ordinate Bargaining Council	3	4
General Public Service Bargaining Council	13	14
	86 809	80 329

21. Emoluments

21.1. Executive remuneration

Chief Executive Officer

Basic	674	585
Bonuses and performance payment	106	-
Expense allowances	22	-
Pension contributions	70	61
Other benefits	140	153
	1 012	799

Chief Financial Officer (Start 1/11/2007, Discharged 14/02/2008)

	2009 (R '000)	2008 (R '000)
Basic	-	14
Pension contributions	-	2
	-	16

Currently the GPW has an acting Chief Financial Officer, whom is seconded by the DHA under the Transformation Project.

Executive Director: Operations

Basic	523	361
Bonuses and performance payments	54	32
Expense allowances	21	-
Pension contributions	54	47
Other benefits	84	164
	736	604

Executive Director: HR and Transformation (Resigned 07/11/2008)

Basic	385	361
Bonuses and performance payments	39	30
Pension Contributions	44	47
Other benefits	100	164
	568	602

Executive Director: Marketing and Branding (Resigned 08/06/2007)

Basic	-	96
Bonuses and performance payments	-	15
Pension Contributions	-	9
Other benefits	-	2
	-	122

Executive Director: Security

	2009 (R '000)	2008 (R '000)
Basic	153	-
Bonuses and performance payments	31	-
Pension Contributions	24	-
Other benefits	83	-
	291	-

Director: Costing (Resigned 31/08/2008)

Basic	156	307
Bonuses and performance payments	70	25
Pension Contributions	18	40
Other benefits	40	140
	284	512

Currently the GPW has an acting Director: Costing, whom is seconded by the DHA under the Transformation Project.

Director: Administration (Resigned 31/08/2007)

Basic	-	267
Bonuses and performance payments	-	24
Pension Contributions	-	20
Other benefits	-	205
	-	516

Factory Manager (Director)

Basic	494	307
Bonuses and performance payments	28	25
Expense allowances	8	-
Pension Contributions	45	40
Other benefits	31	140
	606	512

Total Executive emoluments

3 497	3 683
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22. Remuneration of Audit Committee Members

	2009 (R '000)	2008 (R '000)
Audit committee members	52	62

23. Contingencies

These contingent liabilities represent guarantees to various financial institutions for housing loans to personnel. In the event the liability arises, then the GPW will be liable to pay out and then institute claims against personnel. Although the exposure appears reasonable, there is no limit to these contingent liabilities because they are purely dependent on employees exercising the benefit.

List of institutions: ABSA, FNB, Old Mutual, Nedbank and Standard Bank

Guarantees to various financial institutions for housing loans	85	325
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24. Related parties

The core business of the GPW is the provision of printing and related services to Government entities across all spheres of government. Due to the number of entities involved, the disclosure requirements of IAS are not feasible to list them all.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

The DHA	11 284	12 799
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Deferred income

Grant received from the DHA	137 203	110 000
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Related party transactions

The following transactions pertaining to the major related parties to the GPW are disclosed:

The DHA

Administration fees received from the DHA	222	212
Sales	51 537	55 629
	51 759	55 841

25. Prior period errors

25.1 Invoices accounted for in the incorrect financial year

Invoices with regard to contract printing amounting to R6,274 million (exclusive of VAT) were accounted for in the 2009 financial year, but should have been accounted for in the 2008 financial year. Correcting entries have been processed and comparative figures have been appropriately adjusted.

The correction of the error results in adjustments as follows:

	2009 (R '000)	2008 (R '000)
Statement of Financial Position		
Increase in the closing balance - Surplus distributable to the NT	-	(6,274)
Increase in the closing balance - Trade and other receivables	-	6,274
Increase in the opening balance - Surplus distributable to the NT	(6,274)	-
Increase in the opening balance - Trade and other receivables	6,274	-
	-	-
Statement of Financial Performance		
Increase in the income - Revenue		(6,274)

25.2 Reconciliation of account 317 - Creditors Control Account and 403 - ACB Control Account Creditors

Proper reconciliations of the control accounts relating to Creditors and payment batches were performed, resulting in adjustments to correct these balances. Correcting entries have been processed and comparative figures have been appropriately adjusted.

The correction of the errors results in adjustments as follows:

Statement of Financial Position		
Increase in the closing balance - Surplus distributable to the NT	-	(757)
Decrease in the closing balance - Trade and other receivables	-	16,903
Decrease in the closing balance - Trade and other payables	-	(16,146)
Increase in the opening balance - Surplus distributable to the NT	(757)	-
Decrease in the opening balance - Trade and other receivables	16,903	-
Decrease in the opening balance - Trade and other payables	(16,146)	-
	-	-

Statement of Financial Performance

Decrease in the expense - Cost of Sales	(302)
Increase in the income - Other income	(458)
Increase in the expense - Operating expenses	3
	(757)

25.3 Reconciliation of the VAT

Proper reconciliations of the VAT accounts were performed in the current year, resulting in prior year errors identified. Correcting entries have been processed and comparative figures have been appropriately adjusted.

The correction of the errors results in adjustments as follows:

	2009 (R '000)	2008 (R '000)
Statement of Financial Position		
Decrease in the closing balance - Trade and other receivables	-	(12 036)
Decrease in the closing balance - Trade and other payables	-	12 036
Decrease in the opening balance - Trade and other receivables	(12 036)	-
Decrease in the opening balance - Trade and other payables	12 036	-
	-	-

25.4 Correct allocation of the Internal Sales transaction

Included in the financial system used to prepare the annual financial statements are transactions processed for management purposes. These transactions (internal sales) should never have been accounted for in 2008. Correcting entries have been processed and comparative figures have been appropriately adjusted, to ensure that all internal transactions have been eliminated.

The correction of the errors results in adjustments as follows:

Statement of Financial Position

Decrease in the closing balance - Surplus distributable to the NT	-	1 312
Decrease in the closing balance - Trade and other receivables	-	(1 313)
Decrease in the closing balance - Trade and other payables	-	1
Decrease in the opening balance - Surplus distributable to the NT	1 312	-
Decrease in the opening balance - Trade and other receivables	(1 313)	-
Decrease in the opening balance - Trade and other payables	1	-
	-	-

Statement of Financial Performance

Decrease in the income - Revenue	45,343
Decrease in the expense - Cost of Sales	(43,089)
Decrease in the expense - Operating expenses	(942)
	1,312

25.5 Reconciliation of the Property, Plant and Equipment

Proper reconciliation was performed to ensure that all acquisitions of PPE relating to foreign purchases were properly accounted for. Additions not accounted in the prior year were identified and the useful life of zero value items were re-estimated. Correcting entries have been processed and comparative figures have been appropriately adjusted.

The correction of the errors results in adjustments as follows:

Statement of Financial Position

	2009 (R '000)	2008 (R '000)
Increase in the closing balance - Surplus distributable to the NT	-	(2 760)
Increase in the closing balance - Property, plant and equipment	-	1 291
Increase in the closing balance - Property, plant and equipment	-	1 188
Decrease in the closing balance - Trade and other receivables	-	(145)
Decrease in the closing balance - Deferred income	-	38
Decrease in the closing balance - Trade and other payables	-	388
Increase in the opening balance - Surplus distributable to the NT	(2 760)	-
Increase in the opening balance - Property, plant and equipment	1 291	-
Increase in the opening balance - Property, plant and equipment	1 188	-
Decrease in the opening balance - Trade and other receivables	(145)	-
Decrease in the opening balance - Deferred income	38	-
Decrease in the opening balance - Trade and other payables	388	-
	-	-

Statement of Financial Performance

Decrease in the expense - Cost of Sale	(1 053)
Increase in the expense - Cost of Sales	38
Increase in the income - Other income	(518)
Decrease in the expense - Operating expenses	(1 227)
	(2760)

26. Post balance sheet events

Events that occurred after the balance sheet date, but before the financial statements were authorised for issue, were considered. There were no events that indicated evidence of any adverse or favourable conditions that existed on balance sheet date that should be adjusted for.

27. Rental of buildings

Certain buildings occupied by the GPW are owned and provided by the Department of Public Works (DPW).

28. Unauthorised Expenditure

There was no unauthorised expenditure during the year, hence there was no need for disciplinary action.

29. Irregular Expenditure

There was no irregular expenditure during the year.

30. Fruitless and wasteful expenditure

	2009 (R '000)	2008 (R '000)
Obsolete and slow moving stock written off	-	616
Interest and penalties	196	373
Printing adjustments (Oranje Printers)	-	845
	196	1,834

The R0,616 million of slow moving stock written off and the printing adjustments of R0,845 million, relates only to the 2008 financial year. Interest and penalties of R0,196 million (2008: R0,373 million).

31. Gifts and Donations

No gifts and donations were made during the year.

32. Ex-gratia payments

Payments made during the year	15	15
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33. Risk management

General

The GPW's activities expose it to a variety of risk. This section summarises these risks and the manner in which the GPW manages them.

Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The GPW can't expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the GPW is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes and financial.

Price risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Fair value

At 31 March 2009, the carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximated their fair values due to the short term maturities of these assets and liabilities.

Credit risk

The GPW sells to Government departments, state organs and the general public. It does not apply the credit management policies in a normal trading environment due to the fact that credit sales are only to Government departments. Sales to the general public are either on a pre-paid or cash basis.

Currency risk

The entity operates in the Republic of South Africa and is exposed to foreign exchange risk except to the extent that local suppliers pass increased cost due to exchange rate fluctuations onto the GPW. At year end the GPW had an exposure to the Japanese Yen and the EURO due to agreements for the supply of machinery which contracts was concluded in Japanese Yen and EURO.

The entity did not hedge for foreign exchange fluctuations on these contracts, due to the utilisation of the Paymaster General account.

Liquidity risk

The entity's exposure to liquidity risk is minimal since the GPW resorts under the auspices of the DHA which is the ultimate responsible party of the GPW.

34. Commitments**Already contracted for but not provided for**

This committed expenditure relates to plant and equipment and will be financed by way of grants from the DHA.

Future minimum payments in the relevant currencies.

Yen'000
Up to 1 Year
Yen 5,850

Yen'000
1 to 5 Years
Yen Nil

Yen'000
More than 5 Years
Yen Nil

Euro'000
Up to 1 Year
Euro 46

Euro'000
1 to 5 Years
Euro Nil

Euro'000
More than 5 Years
Euro Nil

Detailed Statement of Financial Performance

	<i>Note(s)</i>	2009 (R '000)	2008 (R '000)
Revenue			
Rendering of services		487 074	416 807
Cost of sales		(403 771)	(290 815)
Gross profit		83 303	125 992
Other income			
Administration fees received		222	212
Discount received		1 008	-
Bad debt recoveries		3 552	2 823
Other income		39	111
Other recoveries		39	2 036
Deferred income		23 481	38
Interest	6	4, 260	9 175
Profit on exchange differences		6 178	938
		38 779	15 333
Operating expenses			
Administration and management fees		3 559	26 882
Auditors remuneration		3 092	3 267
Provision for bad debts		30 711	28 710
Depreciation, amortisation and impairments		2 528	453
Employee costs		42 015	41 242
Other operating expenditure		18 028	15 199
Bad debts written off		196	2 691
Loss on disposal of assets		36	-
		100 165	118 444
Profit for the year		21 917	22 881

The supplementary information presented does not form part of the annual financial statements and is unaudited.



Human Resources

Department of Home Affairs

HUMAN RESOURCES

DEPARTMENT OF HOME AFFAIRS

1. SERVICE DELIVERY

The tables below reflect the components of the Service Delivery Improvement Plan as well as progress made in the implementation thereof.

Table 1.1 – Main Service for Service Delivery Improvement and Standards

Main Services	Actual Customers	Potential Customers who may be integrated	Standard of Services	Actual Achievement Against Standards
Civic Services and Migration	All South African citizens in South Africa and abroad and foreigners in South Africa	Foreigners who may be interested in visiting South Africa or in immigrating	Service Delivery Standards are set out in the departmental Statement of Standards and Service Delivery Improvement Plan	These service standards are in the process of review as part of the Turnaround Project as processes are re-designed and refined. The performance information contains the key enabling documents and turnaround times

Table 1.2 – Consultation Arrangements for Customers

Type of arrangement	Actual Customer	Potential Customer	Actual Achievements
Suggestion boxes at all offices and floorwalkers in public serving areas	All South African citizens in South Africa and abroad and foreigners in South Africa	Foreigners who may be interested in visiting South Africa or in immigrating	<ul style="list-style-type: none"> Floorwalkers improved the flow of public in offices Public suggestion boxes were utilised to improve service delivery Queue management assisted with more effective and efficient service delivery
Queue management system introduced in certain offices			<ul style="list-style-type: none"> Worldwide access ensured. 50477 successful hits registered
Internet: DHA Website			<ul style="list-style-type: none"> By 31 March 2009, 1 163 832 contacts (calls, faxes and emails) had been attended to 96.25% of calls answered in less than 20 seconds (target in SLA is 80%)
Client Service Centre			<ul style="list-style-type: none"> Survey conducted by Vision and Design Workstream on the expectations and preferences of DHA clients on the Department and its services
Campaigns and surveys: Client is Always Right campaign			

Table 1.3 – Service Delivery Access Strategy

Access Strategy	Actual Achievements
Deployment of service points and mobile units in rural areas	<p>117 mobile units were deployed in the provinces to be used in rural and marginalised urban areas</p> <ul style="list-style-type: none"> 71% of 117 mobile units were fully functional at end of March 2009 828 service points visited by mobile units by end of March 2009 as compared to 452 points visited at the end of March 2008 <p>45 additional service points established</p> <ul style="list-style-type: none"> Permanent Service Point = 20 District Offices = 7 Thusong Service Centres = 18

Table 1.4 – Service Information Tool

Type of Information Tool	Actual Achievements
<p>Proper information at counters, enquiry counters and floor walkers</p> <p>Information available on website, though only in English</p>	<p>Improved flow of public through departmental offices Information available on requirements and procedures in the publication "Know your Home Affairs Service". These booklets are available in all official languages. A publication in Braille was also produced for blind clients</p>

Table 1.5 – Complaints Mechanism

Complaints Mechanism	Actual Achievements
Toll-free line, suggestion boxes, and internet website and client service centre (call centre)	<p>Internal hotline operational and operates through the call centre. The DHA hotline number is 0800 204 479.</p> <p>The contact centre handled 1 163 832 contacts (i.e. calls, faxes and emails). The abandonment rate for calls was 0.98% for the reporting period. 96.25% of calls were answered in 20 seconds by 31 March 2009</p>

2 EXPENDITURE

The Department budgets in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

Table 2.1 – Personnel Costs by Programme

Programme	Total Expenditure R'000	Personnel Expenditure R'000	Training Expenditure R'000	Professional and Special Services R'000	Personnel Cost as a Percent of Total Expenditure	Average Personnel Cost per Employee R'000
Administration	1 365 390	242 894	22 598	382 030	17.8	304
Services to Citizens	1 143 893	624 471	0	4 242	54.6	115
Immigration Services	946 940	428 684	0	4 630	45.3	184
Transfers to Agencies	1 210 337	0	0	0	0	0
Theft and losses	0	0	0	0	0	0
Total	4 666 560	1 296 049	22 598	390 902	27.8	151

Table 2.2 – Personnel Costs by Salary Bands

Salary Bands	Personnel Expenditure R'000	Percentage of Total Personnel Cost	Average Personnel Cost per Employee R'000
Lower skilled (Levels 1-2)	35 214	2.7	75
Skilled (Levels 3-5)	259 084	20	87
Highly skilled production (Levels 6-8)	691 447	53.3	200
Highly skilled supervision (Levels 9-12)	139 475	10.8	303
Senior management (Levels 13-16)	45 424	3.5	733
Contract	125 175	9.7	112
Periodical remuneration	230	0	57
Total	1 296 049	100	151

Table 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount R'000	Salaries as a % of Personnel Cost	Amount R'000	Overtime as a % of Personnel Cost	Amount R'000	HOA as a % of Personnel Cost	Amount R'000	Medical Assistance as a % of Personnel Cost
Administration	127 088	52.3	12 334	5.1	3 152	1.3	7 336	3.0
Services to Citizens	418 643	67.0	38 105	6.1	17 840	2.9	37 028	5.9
Immigration Services	276 851	64.6	36 471	8.5	10 133	2.4	22 988	5.4
Transfer to Agencies	0	0	0	0	0	0	0	0
Thefts and losses	0	0	0	0	0	0	0	0
Total	822 582	63.5	86 910	6.7	31 125	2.4	67 352	5.2

Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary Band	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount R'000	Salaries as a % of Personnel Cost	Amount R'000	Overtime as a % of Personnel Cost	Amount R'000	HOA as a % of Personnel Cost	Amount R'000	Medical Assistance as a % of Personnel Cost
Lower skilled (Levels 1-2)	23 313	66.2	1 831	5.2	1 831	5.2	2 747	7.8
Skilled (Levels 3-5)	165 224	63.8	22 693	8.8	10 102	3.9	20 095	7.8
Highly skilled production (Levels 6-8)	461 864	66.8	55 585	8	17 251	2.5	38 588	5.6
Highly skilled supervision (Levels 9-12)	98 437	70.6	3 549	2.5	1 521	1.1	4 693	3.4
Senior Management (Levels 13-16)	36 520	80.4	0	0	342	0.8	814	1.8
Contract	37 224	29.7	3 252	2.6	78	0.1	415	0.3
Total	822 582	63.5	86 910	6.7	31 125	2.4	67 352	5.2

3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and if there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the Department. The vacancy rate reflects the percentage of posts that are not filled.

Table: 3.1 – Employment and Vacancies by Programme, 31 March 2009

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration	1 422	800	43.7	273
Services to citizens	7 535	5 432	27.9	776
Immigration Services	3 229	2 328	27.9	60
Auxiliary and associated services	0	0	0	0
Total	12 186	8 560	29.8	1 109

Table: 3.2 – Employment and Vacancies by Salary Bands, 31 March 2009

Salary band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2)	568	465	18	0
Skilled (Levels 3-5)	2 911	1 298	55.4	2
Highly skilled production (Levels 6-8)	6 614	5 165	21.9	16
Highly skilled supervision (Levels 9-12)	896	450	49.8	0
Senior Management (Levels 13-16)	77	62	19.5	1
Contract	1 120	1 120	0	1 090
Total	12 186	8 560	29.8	1 109

Table: 3.3 – Employment and Vacancies by Critical Occupation, 31 March 2009

Critical Occupation	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Computer Programmers, Permanent	2	2	0	1
Information technology related, Permanent	130	50	61.5	1
Regulatory inspectors, Permanent	2 034	1 480	27.2	2
Total	2 166	1 532	29.3	4

The information in each case reflects the situation as at 31 March 2009. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4. JOB EVALUATION

The Public Service Regulations, 2001 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally.

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) 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 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower skilled (Levels 1-2)	568	510	89.8	1	0.2	0	0
Skilled (Levels 3-5)	2 911	4 574	157.1	49	1.1	0	0
Highly skilled production (Levels 6-8)	6 614	4 350	65.8	1 847	42.5	0	0
Highly skilled supervision (Levels 9-12)	896	903	100.8	106	11.7	0	0
Senior Management Service Band A	51	108	211.8	0	0	0	0
Senior Management Service Band B	17	34	200	0	0	0	0
Senior Management Service Band C	7	6	85.7	0	0	0	0
Senior Management Service Band D	2	1	50	0	0	0	0
Contract	1 120	0	0	0	0	0	0
Total	12 186	10 486	86	2 003	19.1	0	0

As the Department is in the process of migrating to a new organisational structure, jobs evaluated as per the table above, include positions on the current structure as well as the new structure. Therefore, the number of jobs evaluated per salary bands above exceed the number of existing positions in some instances.

Table 4.2 – Profile of Employees whose Positions were Upgraded due to their Posts being Upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	1 080	11	98	56	1 245
Male	685	10	50	13	758
Total	1 765	21	148	69	2 003

Table 4.3 – Employees whose Salary Level Exceeded the Grade Determined by Job Evaluation, 1 April 2008 to 31 March 2009 (in terms of PSR 1.V.C.3)

Occupation	Number of Employees	Job evaluation Level	Remuneration Level	Reason for Deviation
Total number of employees whose salaries exceeded the grades determined by job evaluation in 2008/09				None

5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. 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 5.1) and by critical occupations (Table 5.2).

Table 5.1 – Annual Turnover Rates by Salary Band for the period 1 April 2008 to 31 March 2009

Salary Band	Employment at Beginning of Period	Appointment and Transfers into the Department	Termination and Transfers out of the Department	Turnover Rate
Lower skilled (Levels 1-2)	486	12	19	3.9
Skilled (Levels 3-5)	3 156	170	122	3.9
Highly skilled production (Levels 6-8)	3 099	374	185	6
Highly skilled supervision (Levels 9-12)	388	21	26	6.7
Senior Management Service Band A	45	2	8	17.8
Senior Management Service Band B	16	2	2	12.5
Senior Management Service Band C	5	0	1	20
Senior Management Service Band D	1	0	0	0
Contract	773	1 875	1 469	190
Total	7 969	2 456	1 832	23

Table 5.2 – Annual Turnover Rates by Critical Occupation for the period 1 April 2008 to 31 March 2009

Occupation	Employment at Beginning of Period	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Computer programmers, Permanent	1	1	0	0
Information technology related, Permanent	52	4	7	13.5
Regulatory inspectors, Permanent	1 297	195	71	5.5
Total	1 350	200	78	5.8

Table 5.3 – Reasons why Staff are Leaving the Department

Termination Type	Number	% of Total
Death, Permanent	59	3.2
Resignation, Permanent	121	6.6
Expiry of contract	1 463	79.9
Transfers, Permanent	4	0.2
Discharged due to ill health., Permanent	2	0.1
Dismissal-operational changes, Permanent	121	6.6
Retirement, Permanent	61	3.3
Contract	1	0.1
Total	1 832	100

Total number of employees who left as a % of the total employment	23
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Table 5.4 – Promotions by Critical Occupation

Occupation	Employees at Beginning of Period	Promotions to Another Salary Level	Salary Level Promotions as a % of Employment	Progressions to Another Notch within a Salary Level	Notch Progressions as a % of Employees by Occupation
Computer programmers, Permanent	1	0	0	1	100
Information technology related, Permanent	52	2	3.8	37	71.2
Regulatory inspectors, Permanent	1 297	93	7.2	814	62.8
Total	1 350	95	7.0	852	63.1

Table 5.5 – Promotions by Salary Band

Salary Band	Employees as at 1 April 2008	Promotions to Another Salary Level	Salary Band Promotions as a % of Employees by Salary Level	Progressions to Another Notch within a Salary Level	Notch Progressions as a % of Employees by Salary Level
Lower skilled (Levels 1-2)	486	0	0	175	36
Skilled (Levels 3-5)	3 156	41	1.3	1 621	51.4
Highly skilled production (Levels 6-8)	3 099	309	10	1 897	61.2
Highly skilled supervision (Levels 9-12)	388	116	29.9	131	33.8
Senior Management (Levels 13-16)	67	8	11.9	23	34.3
Contract	773	5	0.7	0	0
Total	7 969	479	6	3 847	48.3

6. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total Number of Employees (including Employees with Disabilities) in each of the following Occupational Categories as on 31 March 2009

Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	4	1	7	17	1	0	3	61
Professionals	488	27	13	58	524	11	12	98	1 231
Clerks	1 492	85	17	63	2 566	212	21	506	4 962
Service and sales workers	864	69	5	90	631	41	6	30	1 736
Plant and machine operators and assemblers	100	6	0	0	6	0	0	0	112
Elementary occupations	131	11	0	1	291	19	0	2	455
Contract	2	0	0	0	1	0	0	0	3
Total	3 105	202	36	219	4 036	284	39	639	8 560
Employees with disabilities	13	0	0	7	3	2	0	5	30

Table 6.2 – Total Number of Employees (including Employees with Disabilities) per Occupational Bands as on 31 March 2009

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1	0	0	2	0	0	0	4
Senior Management	23	4	0	9	17	1	0	4	58
Professionally qualified and experienced specialists and mid-management	202	13	10	43	136	5	6	35	450
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1 809	107	22	131	2 387	183	30	496	5 165
Semi-skilled and discretionary decision making	539	49	1	30	531	51	2	95	1 298
Unskilled and defined decision making	170	15	0	2	257	19	0	2	465
Contract	361	13	3	4	706	25	1	7	1 120
Total	3 105	202	36	219	4 036	284	39	639	8 560

Table 6.3 – Recruitment for the Period 1 April 2008 to 31 March 2009

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	2	0	0	0	0	1	0	1	4
Professionally qualified and experienced specialists and mid-management	15	0	0	0	4	1	1	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	202	7	0	1	163	1	0	0	374
Semi-skilled and discretionary decision making	66	3	0	0	95	5	0	1	170
Unskilled and defined decision making	2	0	0	0	10	0	0	0	12
Contract	600	22	4	8	1 184	43	1	13	1 875
Total	887	32	4	9	1 456	51	2	15	2 456
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 6.4 – Promotions for the Period 1 April 2008 to 31 March 2009

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	13	1	0	4	11	0	0	1	30
Professionally qualified and experienced specialists and mid-management	99	9	5	34	73	3	3	21	247
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	772	57	14	96	879	74	19	295	2 206
Semi-skilled and discretionary decision making	592	63	4	34	763	88	6	112	1 662
Unskilled and defined decision making	71	10	0	0	84	8	0	2	175
Contract	4	0	1	0	0	0	0	0	5
Total	1 551	141	24	168	1 810	173	28	431	4 326
Employees with disabilities	7	0	0	4	3	2	0	4	20

Table 6.5 – Terminations for the Period 1 April 2008 to 31 March 2009

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	7	1	0	1	1	0	0	0	10
Professionally qualified and experienced specialists and mid-management	13	0	0	1	8	1	0	3	26
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	66	4	3	11	50	9	1	41	185
Semi-skilled and discretionary decision making	57	7	1	5	36	6	0	10	122
Unskilled and defined decision making	9	4	0	0	6	0	0	0	19
Contract	517	14	4	8	886	32	0	8	1 469
Total	670	30	8	26	987	48	1	62	1 832
Employees with disabilities	0	0	0	1	2	0	0	1	4

Table 6.6 – Disciplinary Action for the Period 1 April 2008 to 31 March 2009

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	169	9	1	16	107	45	6	13	366

Table 6.7 – Skills Development for the Period 1 April 2008 to 31 March 2009

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior officials and managers	13	0	0	0	6	0	0	0	19
Professionals	46	3	0	8	47	1	0	8	113
Technicians and associate professionals	184	6	9	23	205	6	4	46	483
Clerks	1 105	77	8	84	1 291	125	14	286	2 990
Elementary occupations	69	7	0	1	144	9	0	1	231
Total	1 417	93	17	116	1 693	141	18	341	3 836

7. 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 7.1), salary bands (Table 7.2) and critical occupations (Table 7.3).

Table 7.1 – Performance Rewards by Race, Gender and Disability, 1 April 2008 to 31 March 2009

	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Number of Employees in Group	% of Total within Group	Cost R'000	Average Cost per Beneficiary (R)
African					
Male	721	3 092	23.3	6 210	8 613
Female	890	4 033	22.1	7 084	7 960
Indian					
Male	6	36	16.7	77	12 892
Female	14	39	35.9	176	12 591
Coloured					
Male	45	202	22.3	454	10 084
Female	92	282	32.6	648	7 041
White					
Male	84	212	39.6	1 469	17 492
Female	361	634	56.9	3 305	9 154
Employees with a disability	10	30	33.3	80	8 038
Total	2 223	8 560	26	19 504	8 774

Table 7.2 – Performance Rewards by Salary Bands for Personnel below Senior Management Service, 1 April 2008 to 31 March 2009

Salary Band	Number of beneficiaries	Number of Employees	% of total within Salary Level	Total Cost R'000	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	146	462	31.6	534	3 658
Skilled (Levels 3-5)	349	1 298	26.9	1 892	5 421
Highly skilled production (Levels 6-8)	1 529	5 167	29.6	11 649	7 619
Highly skilled supervision (Levels 9-12)	181	451	40.1	4 267	23 575
Contract	0	1 109	0	0	0
Periodical Remuneration	0	4	0	0	0
Total	2 205	8 491	26	18 342	8 318

Table 7.3 – Performance Rewards by Critical Occupations, 1 April 2008 to 31 March 2009

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	% of Total Employment	Cost R'000	Average Cost per Beneficiary (R)
Computer programmers, Permanent	1	2	50	10	10 000
Information technology related, Permanent	39	49	79.6	752	47 721
Regulatory inspectors	331	1 474	22.5	2 454	7 414
Total	371	1 525	24.3	3 216	65 135

Table 7.4 – Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service, 1 April 2008 to 31 March 2009

Salary Band	Beneficiary Profile			Cost R'000	Average Cost per Beneficiary (R)
	Number of Beneficiaries	Total Employees	% of Total within Band		
Band A	14	0	0	793	5 664
Band B	4	48	8.3	369	9 225
Band C	0	19	0	0	0
Band D	0	6	0	0	0
Total	18	73	24.7	1 162	6 455.6

8. FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 8.1 – Foreign Workers, 1 April 2008 to 31 March 2009, by Salary Band

Salary Band	Employment at Beginning Period	% of Total	Employment at End Period	% of Total	Change in employment	% of Total
Highly skilled supervision (Levels 9-12)	1	100	1	50	0	0
Senior Management (Levels 13-16)	0	0	1	50	1	100
Total	1	100	2	100	1	100

Table 8.2 – Foreign Workers, 1 April 2008 to 31 March 2009, by Major Occupation

Major Occupation	Employment at Beginning Period	% of Total	Employment at End Period	% of Total	Change in employment	% of Total
Administrative Office Workers	1	100	1	50	0	0
Professionals and Managers	0	0	1	50	1	100
Total	1	100	2	100	1	100

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2008 TO 31 DECEMBER 2008

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick Leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost R'000
Lower skilled (Levels 1-2)	2 694	88.3	329	5.3	8	488
Skilled (Levels 3-5)	9 287	79.2	1 098	17.7	8	2 458
Highly skilled production (Levels 6-8)	32 161.5	81.7	4 009	64.6	8	11 528
Highly skilled supervision (Levels 9-12)	1 755	81.5	300	4.8	6	1 574
Senior Management (Levels 13-16)	261	92.3	32	0.5	8	583
Contract	1 362	73.9	438	7.1	3	338
Total	47 520.5	81.4	6 206	100	8	16 969

Table 9.2 – Disability Leave (Temporary and Permanent), 1 January 2008 to 31 December 2008

Salary Band	Total Days taken	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost R'000
Lower skilled (Levels 1-2)	63	100	5	8.2	13	12
Skilled (Levels 3-5)	162	100	11	18	15	47
Highly skilled production (Levels 6-8)	1 283	100	42	68.9	31	499
Highly skilled supervision (Levels 9-12)	16	100	2	3.3	8	10
Senior Management (Levels 13-16)	2	100	1	1.6	2	4
Total	1 526	100	61	100	25	572

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 9.3 – Annual Leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days Taken	Average per Employee
Lower skilled (Levels 1-2)	9 117	20
Skilled (Levels 3-5)	28 586	21
Highly skilled production (Levels 6-8)	104 567.08	21
Highly skilled supervision (Levels 9-12)	9 060	19
Senior Management (Levels 13-16)	1 055.84	16
Contract	4 036.84	5
Total	156 422.76	19

Table 9.4 – Capped Leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days of capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2008
Lower skilled (Levels 1-2)	100	5	48
Skilled (Levels 3-5)	338	5	36
Highly skilled production (Levels 6-8)	1 742	6	66
Highly skilled supervision (Levels 9-12)	103	4	72
Senior Management (Levels 13-16)	33	8	80
Total	2 316	6	59

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

Table 9.5 – Leave Payouts for the Period, 1 April 2008 to 31 March 2009

Reason	Total Amount R'000	Number of Employees	Average Payment per Employee (R)
Leave payout for 2008/09 due to non-utilisation of leave for the previous cycle	1 227	121	10 140
Capped leave payouts on termination of service	2 710	377	7 188
Total	3 937	498	7 906

10. HIV / AIDS & HEALTH PROMOTION PROGRAMMES

Table 10.1 – Steps Taken to Reduce the Risks of Occupational Exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Employees stationed at Ports of Entries	<ul style="list-style-type: none"> • Health and Wellness screening programme • HIV and AIDS awareness • Inoculation

Table 10.2 – Details of Health Promotions and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Ms FB Macrery, Acting Director: Employee Wellness
Does the Department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		The Department has employed dedicated employee wellness practitioners both at Head Office (10) and provinces (1 per province). The annual budget for the unit amounts to R7 634 000.
Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	√		The Department implementing an integrated Employee Wellness programme which consist of the following elements: Sports and recreation, Occupational Health and Safety, HIV and AIDS and other chronic diseases management and Care and support.
Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		Please see table below.
Has the Department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		The Department has developed an integrated Employee Wellness policy which addresses unfair discrimination on the basis of HIV.
Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		The integrated Employee Wellness policy is vocal about discrimination based on HIV status
Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.		√	The Department is in the process of implementing a Voluntary Counselling and Testing programme. The department however encourages its employees to undergo Voluntary Counselling and Testing using public sector and private Health facilities.
Has the Department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		√	The Department is in the process of conducting a wellness audit to be used as a baseline for further intervention. It is hoped that the findings of the audits will be utilised as baseline to monitor the impact of the current wellness interventions.

List of HIV/AIDS Committee Members

OFFICE	NAME	TEL	FAX	CELL	E-MAIL
Eastern Cape	Nomfundo Filtane	(047) 5323475	(047) 531 2060	0826598125	Tudo.filtane@dha.gov.za
Free State	Mandla Ngcozo	(058) 3037110	(058) 3034866	0823304906	Mandla.ngozo@dha.gov.za
Gauteng East	Dorothy Makinta	(012) 3241860	(012) 3268328	0826474422	Dorothy.makinta@dha.gov.za
Gauteng West	Sibongile Filand	(011) 8827814	(011) 8827814	0833820834	Elina.filand@dha.gov.za
KwaZulu-Natal	Nozipho Ngcobo	(033) 8455018	(033) 3455079	0731268904	Nozipho.ngcobo@dha.gov.za
Limpopo	Kgomotso Gama	(015) 4913111	(015) 4913768	0833331169	Makgenene.gama@dha.gov.za
Mpumalanga	Anya van Vuuren	(013) 7539523	(013) 7533501	0845823266	Anya.vanvuuren@dha.gov.za
North West	Mokgantsho Mangope	(018) 3871200	(018) 3845449	0826637104	Mokgantsho.mangope@dha.gov.za
Northern Cape	Lulu Hlophe	(053) 8395400	(053) 8314836	0843356605	Lulu.hlophe@dha.gov.za
Western Cape	Chris Samaai	(021) 4620768	(021) 4627322	0736058221	Chris.samaai@dha.gov.za
Head Office Waltloo	Rabie Legora	(012) 8108203	(012) 8107303	0760607460	Rabbie.legora@dha.gov.za
Head Office BVR	Moses Munsanje	(012)8108754/5	(012) 8108756	0844212543	Moses.munsanje@dha.gov.za
Head Office GPW	Sylvia Berense	(012) 3344602	(012) 3239741	0764204924	Sylvia.berense@gpw.gov.za

11. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the Department.

Table 11.1 – Collective Agreements, 1 April 2008 to 31 March 2009

Subject matter	Date
Turnaround agreement	September 2008

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

Table 11.2 – Misconduct and Disciplinary Hearings Finalised, 1 April 2008 to 31 March 2009

Outcomes of Disciplinary Hearings	Number	% of Total
Final written warning	64	23.5
Suspension without pay	23	8.5
Demotion	0	0
Dismissal	119	43.7
Not guilty	3	1.1
Cases withdrawn	63	23.2
Total	272	100

Table 11.3 – Types of Misconduct addressed at Disciplinary Hearings

Type of Misconduct	Number	% of Total
Assault	9	3.1
Disrespect and abusive behaviour	24	8.1
Aiding and abetting, and corruption	59	20
Theft	3	1
Fraud/False statement	121	41
Unauthorised absence/abscondment	28	9.5
Discrimination against fellow employees	0	0
Damage to/loss of state property	15	5.1
Unauthorised use of government vehicles	3	1
Dereliction of duty	33	11.2
Total	295	100

Table 11.4 – Grievances Lodged for the Period 1 April 2008 to 31 March 2009

Number of Grievances Addressed	Number	% of Total
Resolved	174	93.5
Unresolved	12	6.5
Withdrawn	0	0
Total	186	100

Table 11.5 – Disputes lodged with Councils for the Period 1 April 2008 to 31 March 2009

Number of Disputes Addressed	Number	% of Total
Total	131	100

Table 11.6 – Strike Actions for the period 1 April 2008 to 31 March 2009

Amount (R'000) recovered as a result of No Work No Pay	107
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Table 11.7 – Precautionary Suspensions for the Period 1 April 2008 to 31 March 2009

Cost (R'000) of Suspensions	677
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12. SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development.

Table 12.1 – Training Needs Identified, 1 April 2008 to 31 March 2009

Occupational Categories	Gender	Number of Employees as at 1 April 2008	Training Needs Identified at Start of Reporting Period			
			Learner-ship	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	131	0	91	0	91
	Male	161	0	108	0	108
Technicians and associate professionals	Female	521	0	365	0	365
	Male	444	0	311	0	311
Clerks	Female	3 034	0	2 123	0	2 123
	Male	1 646	0	1 153	0	1 153
Regulatory Support	Female	599	0	371	0	371
	Male	943	0	708	0	708
Plant and machine operators and assemblers and labourers	Female	311	0	217	0	217
	Male	185	0	130	0	130
Subtotal	Female	4 596	0	3 167	0	3 167
Subtotal	Male	3 379	0	2 410	0	2 410
Total		7 975	0	5 577	0	5 577

Table 12.2 – Training Provided, 1 April 2008 to 31 March 2009

Occupational Categories	Gender	Number of Employees as at 1 April 2008	Training Provided			
			Learner-ship	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials, managers and professionals	Female	131	0	646	0	646
	Male	161	0	662	0	662
Technicians and associate professionals	Female	521	0	210	0	210
	Male	444	0	195	0	195
Clerks	Female	3 034	0	6 311	0	6 311
	Male	1 646	0	3 757	0	3 757
Regulatory Support	Female	599	0	1 503	0	1 503
	Male	943	0	992	0	992
Plant and machine operators & assemblers and labourers	Female	311	0	225	0	225
	Male	185	0	526	0	526
Subtotal	Female	4 596	0	8 895	0	8 895
Subtotal	Male	3 379	0	6 132	0	6 132
Total		7 975	0	15 027	0	15 027

12.2.1 The following training interventions were implemented during the 2008/09 financial year:

Civic Services Training			
Subject	Male	Female	Total
Late Registration of Birth	284	168	452
Births, Marriages and Deaths	410	258	668
Marriages	30	15	45
Citizenship	83	64	147
Customary Marriages	264	179	443
Amendments	10	11	21
Civil Union and Civil Marriage	10	7	17
Passports and Travel Documents	13	13	26
Short Message System Notification for Unabridged Certificate	240	141	381
Mobile Truck Drivers	23	47	70
Civic Services Process Implementation	25	100	125
Total	1 392	1 003	2 395

Immigration Training Interventions			
Subject	Male	Female	Total
Inspectorate / Law Enforcement	120	123	243
Admission and Permitting	88	78	166
Immigration Services	102	21	123
Refugee Affairs	8	7	15
Movement Control System	40	47	87
Fraudulent Documents	2	2	4
Train the Trainer 2010	7	7	14
New Event Visa	9	8	17
2010 Immigration Training	138	139	277
Total	514	432	946

Generic Training Interventions			
Subject	Male	Female	Total
Batho Pele Revitalisation	1 215	1 575	2 790
Change Resilience	1 501	751	2 252
Induction	489	538	1 027
Batho Pele Learning Network	6	15	21
National Youth Service Orientation	148	400	548
Train the Trainer: DHA Induction	7	7	14
Frontline Office Improvement	100	190	290
Labour Relations	98	110	208
Fleet Management	150	320	470
Asset Disposal	61	100	161
Grievance Procedure	25	21	46
Change Agents	28	89	117
Data Analysis	8	8	16
Strategic Leadership and Management	10	15	25
Emerging Management Development Programme	361	464	825
Advanced Management Development Programme	116	81	197
Financial Management	62	133	195
Project Khaedu	5	11	16
Refugee Management	15	17	32
Budget Training	135	261	396
Supply Chain Management	10	15	25
Personal Financial Management	11	48	59
Mentorship	75	79	154
Stress Management	29	25	54
Electronic Log System	7	10	17
User Asset Management	8	7	15
Public Service Trainers' Forum	2	1	3
National Youth Service Learning Forum	1	1	2
Report Writing	21	21	42
Presentation Skills	9	12	21
Revenue Management	4	5	9
Security	6	6	12

Human Resource Development Strategy	16	7	23
Massified Induction: Train the Trainer	0	1	1
DHA Orientation	17	26	43
Code of Conduct	8	10	18
Improving Service Delivery	40	55	95
Management of Absenteeism	189	160	349
File Plan	20	17	37
Customer Care	131	131	262
Human Resources	20	17	37
Assessor / Moderator	3	3	6
Job Evaluation Follow-up	2	2	4
Combating Human Trafficking	15	22	37
Gender Mainstreaming	2	2	4
HIV/Aids	20	27	47
Performance Management Development System	4	4	8
Managing Discipline	20	29	49
Frontline Office Managers Guide	22	22	44
Employment Equity	3	3	6
Total	5 255	5 874	11 129

Computer Training Interventions			
Subject	Male	Female	Total
Excel	85	84	169
Access	27	29	56
Word	54	53	107
PowerPoint	41	36	77
Basic Computer Skills	5	5	10
MS Project	3	4	7
Refugee Systems	19	19	38
GroupWise	47	47	94
Total	281	277	558
Grand Total	7 442	7 586	15 028

12.3 ADULT BASIC EDUCATION AND TRAINING (ABET)

An amount of R 7.7 million was set aside for the implementation of ABET during the 2008/09, DHA could however not implement the programme as planned due to the Department's inability to attract suitable service providers to implement the programme.

12.4 NATIONAL YOUTH SERVICE PROGRAMME

During the 2008/09 financial year the Department extended the contracts of the 210 National Youth Service Programme (NYSP) participants recruited during the 2008/09 financial year. DHA went on further to recruit, train and place a further 442 NYS participants during the current financial year to assist with the management of queues in the frontline offices in all provinces. The Branch Civic Services later converted all NYS participants into contract workers. There are currently only 11 NYS participants still on the programme.

Table 12.4.1 NATIONAL YOUTH SERVICE 2008/09

Directorate/Province	Number of NYS	Gender	
		Male	Female
Head Office	8	4	4
North West	73	30	43
Limpopo	91	36	55
Free State	56	22	34
KwaZulu-Natal	135	54	81
Mpumalanga	85	34	51
Western Cape	67	26	41
Northern Cape	38	15	23
Eastern Cape	105	42	63
Gauteng West	56	22	34
Gauteng East	46	18	28
Total	760	303	457

12.5 INTERNSHIP PROGRAMME

During the 2008/09 financial year the Department recruited, trained and placed 191 interns in all specialized areas of the department. Thus far a total of 6 interns have resigned from the programme, bringing to 185 the total number of interns in the Department as at 31 March 2009.

Table 12.5.1 Interns per component

Directorate/Province	Number of Interns	Gender	
		Male	Female
Information Services	29	11	18
Communications	2	1	1
Internal Audit	20	9	11
Office of the Minister	7	3	4
Human Resource Development	7	3	4
Refugee Appeal Board	6	4	2
Refugee Affairs	11	2	9
Employee Wellness	2	1	1
Standing Committee For Refugee Affairs	3	2	1
Transformation and Gender	2	0	2
Asset Management	6	2	4
Strategic and Executive Support Services	3	1	2
Integrated Governance	2	0	2
International Relations	2	1	1
Refugee Reception Office: Musina	18	8	10
Refugee Reception Office: Port Elizabeth	10	5	5
North West	7	3	4
Mpumalanga	11	7	4
Northern Cape	10	4	6
Western Cape	11	1	10
Free State	3	1	2
KwaZulu-Natal	7	3	4
Gauteng	12	4	8
Total	191	76	115

12.6 IMMIGRATION LEARNERSHIP

The Directorate: Human Resource Development, in partnership with the PSETA has registered three Learnership programmes with the Department of Labour, namely: Immigration Services; Port Control and Law Enforcement. The implementation of the Learnership is dependent on the accreditation of DHA as a provider of learning as well as the alignment of the current immigration training material with the registered unit standards. Two service providers have been appointed to facilitate the accreditation of DHA as a provider of learning and also to align the training material with the unit standards. The Learnership will be implemented in the 2009/10 financial year.

12.7 BURSARIES

During this reporting period a total of 238 bursaries were awarded as outlined in the table below. An amount of R 1 908 317 was spent on bursaries during the 2008/09 financial year.

Table 12.7.1 Number of Bursaries Awarded in 2008/09 by Study Field

Field of Study/Qualification	No of Bursaries Awarded		
	Male	Female	Total
Human Resource Management /Development/Relations	14	23	37
Public Management/ Administration	22	31	53
Public Relations	3	3	6
Office Management	0	2	2
Business /Financial Management	3	7	10
Business Administration/ Management	0	0	0
Supply Chain Management/ Logistics	13	14	27
Commerce/ Accounting	4	8	12
Customer Service	0	2	2
Communications	0	1	1
Arts	0	3	3
Law	30	5	35
Human Social Science	1	1	2
Information Technology	6	8	14
Forensic Investigation	2	0	2
Internal Audit	2	2	4
Security and Risk Management	3	2	5
Management Development Programme	0	1	1
Knowledge Management	1	1	2
Grade 12	0	1	1
Project Management	2	1	3
Industrial Psychology	6	10	16
Total	112	126	238

12.8 BURSARY AUDIT

Following the audit queries that were raised by the office of the Auditor-General the Directorate HRD undertook to conduct a bursary audit in order to address the queries. At the end of the financial year a total of 1129 bursary files had been audited resulting in the recovery of R 6 027 297 owed to the Department by bursary holders who have defaulted on their studies.

Table 12.8.1 Number of Bursary Files Audited per Month

Month	Number of Bursary Files Audited	Amount Recovered (R)
August 2008	97	486 684
September 2008	96	399 657
October 2008	195	698 423
November 2008	238	1 262 575
December 2008	185	1 092 677
January 2009	41	119 362
February 2009	124	872 352
March 2009	153	1 095 567
Total	1 129	6 027 297

INJURY ON DUTY

The following table provides basic information on injury on duty.

Table 13.1 – Injury on Duty, 1 April 2008 to 31 March 2009

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only	38	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	38	100

UTILISATION CONSULTANTS

Table 14.1 – Report on Consultant Appointments using Appropriated Funds

Project Title	Total Number of Consultants that Worked on the Project	Duration: Work days	Contract Value in R'000
DHA Turnaround Project Phase 2			
14 Work Streams	125	20 858	325 800



Human Resources

Government Printing Works

GOVERNMENT PRINTING WORKS

Annual Financial Statements for the year ended 31 March 2009

1. SERVICE DELIVERY

Table 1.3– Service delivery strategy

Strategy	Actual Achievements
Continuous interactions with various customers and stakeholders to build on improved relations.	Rendering on time services and products..

Table 1.4 – Service information tool

Type of information Tool	Actual Achievements
Daily interaction with various customers and stakeholders.	Was not measured.

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual Achievements
Suggestion boxes	Reasonable

2. EXPENDITURE

The Government Printing Works budgets in terms of clearly defined programmes. The tables below summarise final audited expenditure (Table 2.1) and by salary level (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of the salary bands within the Government Printing Works.

Table 2.1 – Personnel costs

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel Cost as Percent of Total Expenditure	Average Personnel Cost per Employee (R'000)	Employees
Government Printing Works	558.194	82,972	3.103	3.887	16.1%	136,417	524
TOTAL	558.194	82,972	3.103	3.887	16.1%	136,417	524

Table 2.2 – Personnel costs by salary band

Salary Bands	Personnel Expenditure (R'000)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee R'
Lower skilled (Levels 1-2)	1 376	1.7	91 733
Skilled (Levels 3-5)	32 696	39.4	116 771
Highly skilled production (Levels 6-8)	26 805	32.3	190 106
Highly skilled supervision (Levels 9-12)	7,596	9.2	361 714
Senior management (Levels 13-16)	3 204	3.9	1,068 000
Contract (Levels 1-2)	275	0.3	68 750
Contract (Levels 3-5)	7 919	9.5	64 382
Contract (Levels 6-8)	2 027	2.4	101 350
Periodical Remuneration	673	0.8	673 000
Other	401	0.5	
TOTAL	82 972	1.7	136 467

Table 2.3 – Salaries, overtime, home owners allowance and medical aid

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Government Printing Works	52,390	63.1	10,345	12.5	2,366	2.9	4,864	5.9
TOTAL	52,390	63.1	10,345	12.5	2,366	2.9	4,864	5.9

Table 2.4 – Salaries, overtime, home owners allowance and medical aid by salary band

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Lower skilled (Levels 1-2)	797	57.7	133	9.6	98	7.1	153	11.1
Skilled (Levels 3-5)	19 189	58.6	4 402	13.4	1,463	4.5	2 707	8.3
Highly skilled production (Levels 6-8)	16 721	61.9	3 154	11.7	729	2.7	1 641	6.1
Highly skilled supervision (Levels 9-12)	5 132	67.1	442	5.8	77	1	313	4.1
Senior management (Levels 13-16)	1 762	78.8	0	0	0	0	35	1.6
Contract (Levels 1-2)	234	85.1	40	14.5	0	0	0	0
Contract (Levels 3-5)	6 074	76.7	1 831	23.1	0	0	0	0
Contract (Levels 6-8)	1 674	82.5	343	16.9	0	0	0	0
Contract (Levels 13-16)	808	79.1	0	0	0	0	16	1.6
Periodical Remuneration	0	0	0	0	0	0	0	0
TOTAL	5,2391	63.1	10,345	12.5	2,367	2.9	4,865	5.9

3. EMPLOYMENT AND VACANCIES

The table in this section summarise the position with regard to employment and vacancies. The first table (Table 3.1) provides the approved establishment as at 31 March 2009. A total of 316 obsolete vacant posts have been abolished during the financial year.

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

Table 3.1 – Employment and vacancies, 31 March 2009

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Government Printing Works	673	524	22.1	3
TOTAL	673	524	22.1	3

Table 3.2 – Employment and vacancies by salary bands, 31 March 2009

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2)	25	21	16.0	-
Skilled (Levels 3-5)	393	318	19.1	-
Highly skilled production (Levels 6-8)	208	160	23.1	-
Highly skilled supervision (Levels 9-12)	38	21	44.7	-
Senior management (Levels 13-16)	9	4	55.6	1
Interns/learners	-	-	-	2
TOTAL	673	524	22.1	3

The abovementioned numbers includes 64 contract employees.

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2009

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Compositors typesetters & related printing workers	40	31	22.5	-
Bookbinding and related machine operators	17	11	35.3	-
Finance and economics related managers	7	3	57.1	-
Printing management and supervisory personnel	37	23	37.8	-
Printing planners and production controllers	10	6	40.0	-
Senior managers	9	4	55.6	-
TOTAL	120	78	35.0	-

4. JOB EVALUATION

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides the statistics on the number of posts that were upgraded or downgraded.

Table 4.1 – Job Evaluation

Salary Band on 31 March 2009	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Semi skilled factory staff and skilled administration (Levels 3-5)	-	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-

Table 4.2 – Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
TOTAL	-	-	-	-	-

Table 4.3 – Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Total number of Employees whose salaries exceeded the upgrades determined by job evaluation in 2008/2009	None
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Table 4.4 -- Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
TOTAL	-	-	-	-	-
Employees with a Disability	-	-	-	-	-

5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Table 5.1 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 of the Government Printing Works.

Table 5.1 – Annual turnover rates by salary band

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2)	46	-	3	6.5
Skilled (Levels 3-5)	277	-	18	6.5
Highly skilled production (Levels 6-8)	143	2	12	8.4
Highly skilled supervision (Levels 9-12)	23	-	3	13.0
Senior Management Service Band A	2	-	1	50.0
Senior Management Service Band B	2	1	1	50.0
Senior Management Service Band C	1	-	-	-
Interns	2	-	-	-
TOTAL	496	3	38	7.7
Contract employees	66	6	7	11

Note: A total of 84 contract employees were appointed for a period of 6 months during the financial year to assist with special projects. These appointments and service terminations are not reflected in the above-mentioned information (Table 5.1).

Table 5.2 – Annual turnover rates by critical occupation

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Bookbinding and related machine operators	12	1	0	-
Compositors typesetters & related printing workers	20	6	2	10.0
Printing management and supervisory personnel	23	-	2	8.7
Senior managers	6	1	2	33.3
TOTAL	61	8	6	9.8

Table 5.3 – Reasons why staff are leaving Government Printing Works

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Death, Permanent	3	7.9	0.6
Resignation, Permanent	18	47.4	3.6
Transfers	2	5.3	0.4
Retirement early, Permanent	10	7.9	2.0
Dismissal-misconduct, Permanent	3	7.9	0.6
Retirement normal, Permanent	2	5.3	0.4
TOTAL	38	100.0	7.7

Resignations as % of Employment	7.7
--	-----

Note: If contract employees appointed against approved posts, who have resigned (7 employees) are taken into consideration the resignations as % of employment will be 8.2%.

Table 5.4 - Promotions by critical occupation

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Bookbinding & related machine operators, Perm	12	-	-	10	83.3
Compositors typesetters & related printing workers	20	-	-	5	25.0
Printing management and supervisory personnel	23	2	8.7	21	91.3
TOTAL	55	2	3.6	36	65.5

Table 5.5 - Promotions by salary band

Salary Band	Employment at Beginning of Period	Promotions to another salary level	Salary Level Promotions as a % of employment	Progressions to another notch within Salary Level	Notch progressions as a % of employment
Lower skilled (Levels 1-2)	46	-	-	10	21.7
Skilled (Levels 3-5)	277	-	-	265	95.7
Highly skilled production (Levels 6-8)	143	2	1.4	71	49.7
Highly skilled supervision (Levels 9-12)	23	-	-	11	47.8
Senior Management Service Band A	2	-	-	2	100
Senior Management Service Band B	2	-	-	1	100
Interns	2	-	-	-	-
TOTAL	495	2	0.4	360	72.9

6 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 – Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers	2	0	0	2	2	0	0	0	0	0	4
Professionals	31	3	0	34	18	18	2	1	21	14	87
Clerks	25	2	0	27	5	32	2	1	35	17	84
Service and sales workers	6	1	0	7	1	2	0	0	2	0	10
Craft and related trades workers	23	1	0	24	40	11	0	0	11	10	85
Plant and machine operators and assemblers	48	5	0	53	29	28	9	1	38	50	170
Elementary occupations	4	1	0	5	4	10	0	0	10	1	20
TOTAL	139	13	0	152	99	101	13	3	117	92	460

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female White	Total
Employees with disabilities	3	-	-	3	4	1	-	-	1	3	11

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female White	Total
Contract employees	24	-	-	24	8	29	-	-	29	3	64

Table 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management	2	-	-	2	1	-	-	-	-	-	3
Professionally qualified and experienced specialists and mid-management	7	-	-	7	9	2	-	-	2	3	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen	40	3	-	43	35	37	1	1	39	25	142
Semi-skilled and discretionary decision making	84	9	-	93	54	50	12	2	64	64	275
Unskilled and defined decision making	5	1	-	6	-	12	-	-	12	-	18
Contract (Top Management)	1	-	-	-	1	1	-	-	-	-	2
Contract (Skilled technical)	10	-	-	10	7	13	-	-	13	2	32
Contract (semi-skilled)	14	-	-	14	-	16	-	-	16	1	31
TOTAL	163	13	0	175	107	131	13	3	146	95	524

Table 6.3 – Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	-	-	-	-	1	1	-	-	1	-	2
Contract (Skilled technical), Perm	3	-	-	-	-	4	-	-	-	1	8
Contract (Semi-skilled), Perm	8	-	-	8	1	5	-	-	5	1	15
TOTAL	11	-	-	8	2	10	-	-	6	2	25

Table 6.4 – Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialist	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified worker	1	-	-	1	1	-	-	-	-	-	2
Semi-skilled and discretionary decision making, Perm	-	-	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making, Perm	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1	-	-	1	1	-	-	-	-	-	2

Table 6.5 – Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management	-	-	1	1	-	1	-	-	1	-	2
Professionally qualified and	1	-	-	1	-	2	-	-	2	-	3
Skilled technical and academically	1	-	-	1	3	2	-	-	2	6	12
Semi-skilled and discretionary decision making	2	-	-	2	5	2	1	-	3	8	18
Unskilled and defined decision making	1	-	-	1	-	2	-	-	2	-	3
Contract (Skilled technical)	1	-	-	1	-	2	-	-	2	-	3
Contract (Semi-skilled)	1	-	-	1	-	3	-	-	3	-	4
TOTAL	7	-	1	8	8	14	1	-	15	14	45

Table 6.6 - Disciplinary action

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
TOTAL	9	2	-	11	7	2	-	-	2	1	21

Table 6.7 - Skills development

Occupational Categories	Male, African	Male, Co-coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior officials and managers	2	-	1	3	1	1	-	-	1	0	5
Professionals	6	-	-	6	7	4	-	-	4	3	20
Technicians and associate professionals	17	-	-	17	16	20	1	1	17	10	60
Clerks	13	1	-	14	3	19	1	1	17	7	41
Elementary occupations	16	-	-	16	6	9	3	1	11	7	40
TOTAL	54	1	1	56	33	53	5	3	50	27	166

7. PERFORMANCE

To encourage good performance, the department has granted the following performance rewards during the year review. The information is presented in terms of race, gender and disability (Table 7.2), critical occupations (Table 7.3) and salary bands for SMS (Table 7.4).

Table 7.1 - Performance rewards by race, gender and disability, 1 April 2008 to 31 March 2009

Description	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	42	130	32.31	289	6,870
African, Male	50	163	30.67	314	6,278
Asian, Female	2	3	66.67	18	9,138
Asian, Male	1	-	-	454	45,245
Coloured, Female	8	13	61.54	47	5,929
Coloured, Male	2	13	15.38	10	5,144
Total Blacks, Female	52	146	35.62	354	6,812
Total Blacks, Male	53	176	30.11	369	6,970
White, Female	49	95	51.58	343	6,990
White, Male	40	107	37.38	373	9,336
TOTAL	194	524	37.02	1,439	7,421

Table 7.2 - Performance rewards by salary band for personnel below senior management service, 1 April 2008 to 31 March 2009

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	8	15	53.3	29	3,676
Skilled (Levels 3-5)	109	280	38.9	589	5,405
Highly skilled production (Levels 6-8)	68	140	48.6	607	8,950
Highly skilled supervision (Levels 9-12)	7	21	33.3	114	16,282
Contract (All Levels)	-	64		-	
TOTAL	192	520	36.9	1,339	6,985

Table 7.3 - Performance rewards by critical occupation, 1 April 2008 to 31 March 2009

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Binding and related workers	5	12	41.67	34	6,829
Bookbinding and related machine operators	4	9	44.44	36	8,980
Financial and related professionals	1	2	50.00	16	15,769
Compositors typesetters & related printing workers	14	31	45.16	101	7,195
Printing management and supervisory personnel	9	23	39.13	129	14,343
Printing planners and production controllers	2	6	33.33	24	11,885
TOTAL	35	83	42.17	340	9,698

Table 7.4 - Performance related rewards (Cash Bonus) by salary band for senior management service, 1 April 2008 to 31 March 2009

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	1	2	50	45	45,245	-	45
Band B	1	2	50	53	53,236	-	53
Band C				-	-	-	-
TOTAL	2	4	-	-	-	1.3%	-

8. FOREIGN WORKERS

The tables below summarized the employment of foreign nationals in the Government Printing Works in terms of salary bands and major occupations. The table also summarized changes in the total number of foreign workers in each salary band and by each major occupation.

Table 8.1 - Foreign workers by salary band

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
TOTAL	-	-	-	-	-	-	-	-	-

Table 8.2 - Foreign workers by major occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
TOTAL	-	-	-	-	-	-	-	-	-

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2008 TO 31 DECEMBER 2008

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 - Sick leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certificates
Lower skilled (Levels 1-2)	199	81.4	22	4.2	9	35	518	162
Skilled (Levels 3-5)	3,049	89	317	61.2	10	750	518	2,714
Highly skilled production (Levels 6-8)	1,308	81	154	29.7	8	555	518	1,059
Highly skilled supervision (Levels 9-12)	131	84	20	3.9	7	117	518	110
Senior management (Levels 13-16)	23	87	5	1	5	56	518	20
TOTAL	4,710	86.3	518	0	9	1,513	0	4,065

Table 9.2 - Disability leave (Temporary and Permanent), 1 January 2008 to 31 December 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Skilled (Levels 3-5)	53	100	7	70	8	13	53	10
Highly skilled production (Levels 6-8)	11	100	2	20	6	4	11	10
Highly skilled supervision (Levels 9-12)	18	100	1	10	18	11	18	10
TOTAL	82	100	10	100	8	28	82	10

Table 9.3 - Annual leave, 1 January 2008 to 31 December 2008

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	407	17	24
Skilled (Levels 3-5)	7,964	20	403
Highly skilled production (Levels 6-8)	3,946	22	176
Highly skilled supervision (Levels 9-12)	475	20	24
Senior management (Levels 13-16)	86	17	5
TOTAL	12,878	20	632

Table 9.4 - Capped Leave, 1 January 2008 to 31 December 2008

Salary Band	Total days of capped leave taken	Average number of days taken per employee
Lower skilled (Levels 1-2)	0	0
Skilled (Levels 3-5)	128	5
Highly skilled production (Levels 6-8)	199	9
Highly skilled supervision (Levels 9-12)	8	8
TOTAL	335	7

Table 9.5 - Leave Pay-outs for the period, 1 April 2008 to 31 March 2009

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout due to non-utilisation of leave for the previous cycle	14	2	7,000
Capped leave payouts on termination of service for	150	27	5,556
Current leave payout on termination of service	23	10	2,300
TOTAL	187	39	4,795

10. HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 10.1 - Steps taken to reduce the risk of occupational exposure

Government Printing Works participated in several initiatives to address it.

Table 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
Has the Government Printing Works designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001?	1.		Executive Director Human Resources & Transformation
Does the Government Printing Works have a dedicated unit or have you designated specific staff members to promote health and well being of your employees?	1.		Specific staff members have been delegated.
Has the Government Printing Works established committees as contemplated in Part VI E 5(e) of Chapter 1 of the Public Service Regulations, 2001?	1.		Health & Safety Committee

11. LABOUR RELATIONS**Table 11.1 - Collective agreements, 1 April 2008 to 31 March 2009**

None

Table 11.2 – Misconduct and Disciplinary Hearings Finalised

Outcomes of disciplinary hearings	Number	% of Total
Corrective counseling	-	-
Final written warning	-	-
Suspended without pay	3	60
Dismissal	2	40
TOTAL	5	100

Table 11.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	% of Total
Abscondment	2	40
Unauthorised absence	3	60
TOTAL	5	100

Table 11.4 - Grievances Lodged

Number of grievances addressed	Number	% of Total
Resolved	36	94
Not resolved	2	6
TOTAL	34	100

Table 11.5 - Disputes Lodged

Number of disputes addressed	Number	% of Total
Upheld		
Dismissed	1	100
TOTAL	1	100

Table 11.6 - Strike Actions

Strike Actions	—
Total number of person working days lost	171
Total cost (R'000) of working days lost	45
Amount (R'000) recovered as a result of no work no pay	45

Table 11.7 - Precautionary Suspensions

Precautionary Suspensions	—
Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	60
Cost (R'000) of suspensions	60

12. SKILLS DEVELOPMENT

Table 12.1 - Training needs identified, 1 April 2008 to 31 March 2009

Occupational Categories	Gender	Number of employees as at 1 April 2008	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	17		16	3	19
	Male	36		24	20	44
Clerks and lower skilled	Female	216	8	90	70	168
	Male	227	8	80	40	128
TOTAL		496	16	210	133	359

Table 12.2 - Training provided, 1 April 2008 to 31 March 2009

Occupational Categories	Gender	Number of employees as at 1 April 2008	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	17		10	19	29
	Male	36		20	38	58
Clerks and lower skilled	Female	216	3	23	42	68
	Male	227	12	31	38	81
TOTAL		496	15	84	137	246

Table 12.3 – Internship Programme, 1 April 2008 to 31 March 2009

Government Printing Works Internship programme details are as follows

Unit	Number of interns		
	Male	Female	Total
Finance			
Information Technology	3		3
Printing	4	1	5
TOTAL	7	1	8

13. INJURY ON DUTY

The following table provides basic information on injury on duty.

Table 13.1 - Injury on Duty

Nature of injury on duty	Number	% of Total
Required basic medical attention only	25	100
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
TOTAL	25	100

14. UTILISATION OF CONSULTANTS

Table 14.1 Report on consultant appointments

No consultants were appointed during the financial year. Resources were however made available from the Department of Home Affairs, Turnaround Team.