



# DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

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## ANNUAL REPORT 2001/2002

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

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ISBN 0-620-29630-5

# VISION

to establish a responsive public service that delivers on the government's commitment to a better life for all the people of South Africa.

# MISSION

to render professional support to the Minister in:

- leading the transformation process by developing appropriate policies and facilitating their implementation through strategic interventions and partnerships,
- and
- maintaining a functioning public service

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# 1. GENERAL OVERVIEW

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<http://www.dpsa.gov.za/Default.htm>

The Department of Public Service and Administration (DPSA) plays a strategic role in developing policies and strategies for the public service covering a range of issues including human resource management, conditions of service, collective bargaining, service delivery improvement and information technology (IT). DPSA has also moved beyond policy-making, and has established partnerships with national and provincial departments to promote effective and efficient management and improved service delivery in the public service. DPSA also plays a leadership role in the Governance and Administration Directors-General Cluster, and leads the implementation of several projects aimed at improving institutional capacity and good governance in the public service.

Acknowledging Government's focus in the medium term (2001-2004) to improve service delivery, ensure good governance and create a new public management that is committed to service excellence, the Department is still at the center of public service transformation. In this vein, key objectives in the medium term are:

- Develop appropriate policy frameworks and instruments for the public service in support of the government's vision, values and intentions as contained in the Constitution of the Republic of South Africa;

- Provide advisory and consultancy services by building partnerships to improve public service management and service delivery;
- Facilitate the building of capacity of public service sectors and departments on priority transversal skills and competencies; and
- Provide the necessary information on the public service for analysis and effective decision-making.

The Department has three main externally focused divisions focusing on:

1. Integrated Human Resources (incorporating components dealing with Employment Practice and Career Management, Human Resource Development, Remuneration and Conditions of Service and Negotiations and Labour Relations);
2. Service Delivery Improvement (incorporating Government Internal Consulting Services, Project Facilitation and Client Services and the Learning and Knowledge Management Unit); and
3. The Office of the Government Chief Information Officer (incorporating the Government Information Technology Officers Council (GITO) Secretariat and SITA Oversight, Regulations and Projects units)

The Anti-Corruption Unit is a stand-alone unit for the present, but will be incorporated into Integrated Human Resources in the next financial year.

## **Synopsis of Achievements**

During the year 2001/2002, a number of achievements were recorded.

- In the realm of Integrated Human Resources, the implementation of a special dispensation for the Senior Management Service (SMS) continued, and a competency framework to form the basis for competency-based human resource management for the SMS was developed.
- The Human Resource Development Strategy for the Public Service was been finalised, together with an internship framework and a scarce skills strategy. This strategy will be taken forward by the Public Service Sector Education and Training Authority (PSETA), which was accredited by the South African Qualifications Authority in August 2001.
- In terms of the DPSA's Integrated Provincial Support Programme (IPSP), a number of projects were initiated, details of which are provided in the chapter on programme performance. The IPSP is a multi-donor programme that establishes partnerships between DPSA, donors and departments.
- Research into the accountability, remuneration and a management information system for public entities was completed, as well as findings on underspending in Government.

- A major study on the use of consultants by Government was carried out and a report was published in September 2001. Flowing from this, an amendment will be made to the Public Service Regulations that will require departments to report on the use of consultants in future annual reports.
- DPSA's Government Internal Consulting Services provided technical support to various national departments on matters relating to systems and structures.
- Numerous learning networks were established in the public service and the *Service Delivery Review*, a journal for public service managers, was launched in December 2001.
- The Centre for Public Service Innovation (CPSI) was established in September 2001 as a section 21 company. The CPSI's brief is to promote and support innovation in public service delivery by demonstrating practice, facilitating partnerships, rewarding initiatives and sharing knowledge.
- Cabinet approved the restructuring of the State Information Technology Agency (SITA) in April 2001. SITA has since established three divisions: civilian, defence and e-services. The Information Technology Acquisition Centre, which will provide IT procurement service to departments, was also established within the e-services division of SITA.
- The e-Government Policy Framework was published as a discussion document in April and the Government Information Technology Officers Council established

in October 2001. The Council has since played an important role in finalising the Inventory of Government-wide Information Systems (IGIS) project, which provides a picture of Government spending on information technology and evaluates matters such as Government-wide technology architecture, security and interoperability.

- In September, work began on a Corruption Country Assessment, which was undertaken with support from the United Nations Office for Drug Control and Crime Prevention. As an added gain, the Public Service Anti-Corruption Strategy was approved by Cabinet in January 2002. Implementation is underway.

These are some of the highlights from the work of DPSA during 2001/2002. Major projects and strategies, including Batho Pele, Gateway, the Public Service Anti-Corruption Strategy and the Public Service Human Resource Development Strategy are being implemented over the medium term. Likewise, the Integrated Provincial Support Programme has been designed for implementation over a three-year period and will feature in future reports.



## 2. CORPORATE MANAGEMENT

<http://www.dpsa.gov.za/docs/handbooks/PersalBooklet.pdf>

The statistics and information in this section of the report relate to the department's work organisation and human resources and is presented in the following format as prescribed by the Minister for the Public Service and Administration:

### Employment and Vacancies

TABLE 2.1 – Approved establishment by programme

Programme	Approved Establishment		Medium-term establishment estimate	
	1 April 2001	31 March 2002	31 March 2003	31 March 2004
Programme 1	129	127		
Programme 2	143	128		
<b>TOTAL</b>	<b>272</b>	<b>255</b>	<b>245</b>	<b>235</b>

TABLE 2.2 – Employment and vacancies by programme, 31 March 2002

Programme	Establishment	Number of employees	Vacancy Rate	Additional to the establishment
Programme 1	127	115	8,66	15
Programme 2	128	105	17,97	4
<b>TOTAL</b>	<b>255</b>	<b>220</b>	<b>13,72</b>	<b>19</b>

TABLE 2.3 – Employment and vacancies by salary band, 31 March 2002

Salary band	Establishment	Number of employees	Vacancy Rate	Additional to the
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		at 31 March 2002		establishment
Salary levels 1-2	10	10	0,00	14
Salary levels 3-5	41	38	7,32	-
Salary levels 6-8	61	57	6,56	1
Salary levels 9-12	89	73	17,98	2
Salary levels 13-16 (SMS)	54	42	22,27	2
<b>TOTAL</b>	<b>255</b>	<b>220</b>	<b>13,72</b>	<b>19</b>

**TABLE 2.4 – Employment and vacancies by critical occupation, 31 March 2002**

Critical occupations (in accordance with the CORE)	Establishment	Number of employees	Vacancy Rate	Additional to the establishment
Human Resource and related	79	70	11,39	2
Information Technology and related	10	9	10,00	-
Senior Management Services	52	43	17,31	3
<b>TOTAL</b>	<b>141</b>	<b>122</b>	<b>13,47</b>	<b>5</b>

## Job Evaluation

**TABLE 3.1 – Job Evaluation, 1 April 2001 to 31 March 2002**

	Establis hment	Number of Jobs Evaluate d	Posts Upgraded		Posts downgraded	
			Numb er	% of total	Numbe r	% of total

Salary levels 1-2	10	0	0	0,00	0	0,00
Salary levels 3-5	41	1	1	2,44	0	0,00
Salary levels 6-8	61	4	2	3,28	0	0,00
Salary levels 9-12	89	17	3	3,37	3	3,37
Salary levels 13-16 (SMS)	54	5	0	0,00	0	0,00
<b>TOTAL</b>	<b>255</b>	<b>27</b>	<b>6</b>	<b>9,09</b>	<b>3</b>	<b>3,37</b>

TABLE 3.2 – Profile of employees absorbed in an upgraded post, 1 April 2001 to 31 March 2002

Total number of employees absorbed in an upgraded post				
<i>Beneficiaries</i>	African	Asian	Coloured	White
Female	1			
Male	1			
<b>TOTAL</b>	<b>2</b>			

TABLE 3.3 – Remuneration levels that exceeded the grade determined by job evaluation, 1 April 2001 to 31 March 2002

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	
Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2001/ 02				
Percentage of total employment				

## Employment Changes

<sup>1</sup> TABLE 4.1 – Appointments, promotions, and terminations as at 1 April 2001

	Employee s, 1 April 2001	Appointm ents and transfer	Promotio ns	Terminati ons and transfers	Net % change
<b>African</b>					
Male	70	12	21	12	0,00
Female	78	18	23	16	2,56
<b>Asian</b>					
Male	5	1	2	2	-20,00
Female	4	2	0	0	50,00
<b>Coloured</b>					
Male	3	0	0	2	-66,67
Female	3	0	0	1	-33,33
<b>White</b>					
Male	30	1	3	0	3,33
Female	28	1	6	3	-7,14
<b>Employees with a disability</b>					
<b>TOTAL</b>	<b>221</b>	<b>35</b>	<b>55</b>	<b>36</b>	<b>-0,45</b>

TABLE 4.2 – Annual turnover rates by salary band across the entire Department

Salary Band	Appointments and transfer	Terminations and transfers	Turnover rate
Levels 1-2	0	0	0,00
Levels 3-5	9	6	8,11
Levels 6-8	8	6	4,08
Levels 9-12	9	20	-13,75
Levels 13-16 (SMS)	9	4	15,15
<b>TOTALS</b>	<b>35</b>	<b>36</b>	<b>-0,45</b>

TABLE 4.3 – Annual turnover rates by critical occupation only

Occupation:	Appointments and transfer	Terminations and transfers	Turnover rate
Human Resource & related	7	13	-15,38
Information Technology and Related	2	1	1,00
Senior Management Services	9	4	13,89
<b>TOTALS</b>	<b>18</b>	<b>18</b>	<b>-0,49</b>

<sup>1</sup> The turnover rate calculated as **Appointments and Transfers – Terminations and Transfers divided by the number of employees as on 1 April 2001 multiplied by 100** provides an indication of trends in the employment profile of the department.

Table 4.4 (a)– Reasons why staff is leaving the department 2001/2002

Termination Type	Number	Per 100 000 employees
Death	-	-
Resignation	17	7692
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	1	452
Retirement	-	-
Other (transfer to other departments)	18	8144
<b>TOTAL</b>	<b>36</b>	

Table 4.4(b) – Reasons why staff left the department (2000/2001)

Termination Type	Number
Death	-
Resignation	17
Expiry of contract	-
Dismissal – operational changes	-
Dismissal – misconduct	1
Dismissal – inefficiency	1
Discharged due to ill-health	
Retirement	1
Other (transfer to other departments)	25
<b>TOTAL</b>	<b>45</b>

Table 4.4 (c) – Reasons why staff left the department (1999/2000)

Termination Type	Number
Death	1
Resignation	11
Expiry of contract	-
Dismissal – operational changes	3
Dismissal – misconduct	-
Dismissal – inefficiency	-
Discharged due to ill-health	1
Retirement	2
Other (transfer to other departments)	30
<b>TOTAL</b>	<b>48</b>

## Employment Equity

TABLE 5.1 (a)– Progress made for 2001/ 02 with regard to employees on salary levels 9 to 12 for Blacks (African, Coloured and Asian).

	Progress – 2001/ 02				Medium-Term targets (if any)		
	1 April 2001	Target set for 31 March 2002	Actual number at 31 March 2002	Variance	March 2003	March 2004	March 2005
<b>Blacks</b>	63%	65%	63.65 %	-1.4%	68%	71%	

TABLE: 5.1 (b) Progress made for 2001/ 02 with regard to employment equity with regard to employees salary levels 9 to 12 for women

	Progress – 2001/ 02				Medium-Term targets (if any)		
	1 April 2001	Target set for 31 March 2002	Actual number at 31 March 2002	Variance	March 2003	March 2004	March 2005
<b>Women</b>	46%	48%	44.2%	-3.8%	49%	50%	



TABLE 5.2 – Progress made for Blacks within the SMS, for 2001/02.

	Progress – 2001/ 02				Medium-Term targets		
	1 April 2001	Target set for 31 March 2002	Actual number at 31 March 2002	Variance	March 2003	March 2004	March 2005
<b>Blacks</b>	72,22 %	75%	72.09 %	-2.91%	77%	79%	

TABLE 5.3 – Progress made for women in the SMS, 2001/ 02.

	Progress – 2001/ 02				Medium-Term targets		
	1 April 2001	Target set for 31 March 2002	Actual number at 31 March 2002	Variance	March 2003	March 2004	March 2005
<b>Women</b>	38%	40%	32.6%	-7.4%	42%	44%	

TABLE 5.4 – Progress made with people with disabilities 2001/ 02

	Progress – 2001/ 02				Medium-Term targets		
	1 April 2001	Target set for 31 March 2002	Actual number at 31 March 2002	Variance	March 2003	March 2004	March 2005
<b>Employees with Disabilities</b>	0,08%	1,15%	1,4%	-0.25%	1,53%	1,9%	

## Performance Rewards

TABLE 6.1 – Performance Rewards by race, gender, and disability, 1 April 2000 to 31 March 2001 (These rewards were paid out in the 2001/02 financial year).

	Beneficiary Profile		
	Number of beneficiaries	Number of employees as at 1 April 2001	% of total within group
<b>African</b>			
Male	4	70	5,71
Female	12	78	15,38
<b>Asian</b>			
Male	1	5	20
Female	0	4	0
<b>Coloured</b>			
Male	0	3	0
Female	2	3	66,66
<b>White</b>			
Male	3	30	10
Female	3	28	10,71
<b>Employees with a disability</b>	-	3	
<b>TOTAL</b>	25	221	11,31

**TABLE 6.2 – Performance Rewards by salary level, 1 April 2000 to 31 March 2001**

Salary Level	Beneficiary Profile		
	Number of beneficiaries	Number of employees on 1/4/2001	% of total within group
Levels 1-2	4	10	40,00
Levels 3-5	2	36	5,56
Levels 6-8	7	57	12,28
Levels 9-12	11	79	13,92
Levels 13-16 (SMS)	1	39	2,56
<b>TOTAL</b>	<b>25</b>	<b>221</b>	<b>11,31</b>

**TABLE 6.3 – Performance Rewards by critical occupations, 1 April 2000 to 31 March 2001**

Critical Occupations	Beneficiary Profile		
	Number of beneficiaries	Number of employees 1/4/2001	% of total within group
Human Resource and related	7	76	9,21
Information Technology and related	0	8	0,00
Senior Management Service	1	39	2,56
<b>TOTAL</b>	<b>8</b>	<b>123</b>	<b>6,50</b>

## Foreign Workers

TABLE 7.1 – Foreign Workers, 1 April 2001 to 31 March 2002

BY GRADE (SALARY BAND)	1 April 2001 Numb er	% of total	31 March 2002 Numb er	% of total	Change Numb er	% chang e
Salary levels 1-2	0					
Salary levels 3-5	0					
Salary levels 6-8	0					
Salary levels 9-12	0					
Senior Management Service	1	0,44	1	0,44	0	0
BY MAJOR OCCUPATION SMS	0					
	1					
TOTAL	1	0,44	1	0,44	0	0

## Sick Leave

<sup>1</sup>TABLE 8.1 – Sick leave, 1 April 2001 to 31 March 2002

	Total days (‘000)	Per cent certificati on	Number of Employee es using sick leave	% of total employe es using sick leave	Average per employe e	Estimat ed Cost (R’000)
TOTAL	0,870		144	56,25	6,04	

<sup>1</sup> Tables 8.1 and 8.2 respectively indicate how sick leave and disability leave has been utilised. Sick leave and disability leave is analysed on a quarterly basis to establish a trend. The relevant employees are informed in writing if the utilisation of their sick leave becomes a concern. Employees may also be referred to the assistance of the Employee Assistance Programme. The estimated cost of the leave is also provided in the tables below.

**TABLE 8.2 – Disability leave (temporary and permanent), 1 April 2001 to 31 March 2002**

	Total days taken ('000)	Per cent certification	Number of Employees using disability leave	% of total employees using disability leave	Average per employee	Estimated Cost (R'000)
<b>TOTAL</b>	0,025		3	1,17	8,33	

**TABLE 8.3 – Annual Leave, 1 April 2001 to 31 March 2002**

GRADE)	Total days taken ('000)	Number of Employees	Average per employee
<b>TOTAL</b>	4.8	269	18,10

**TABLE 8.4 – Leave payouts**

REASON	Total Amount (R'000)	Number of Employees	Average per employee
Non-utilisation of leave for current cycle (leave payouts at resignation included)	48	19	R2 561
Leave accrued before 30 June 2001	0	0	0
<b>TOTAL</b>	<b>48</b>	<b>19</b>	<b>R2 561</b>

## Labour Relations

No collective agreements were concluded
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**TABLE 9.2 – Misconduct and discipline**

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	<b>Unknown</b>	
Written warning	<b>2</b>	<b>100</b>
Final written warning	--	
Not guilty	-	
Case withdrawn	-	
Dismissal	-	
<b>TOTAL</b>	<b>2</b>	

No. of Disciplinary hearings – 2001/ 02	One
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## Skills Development

TABLE 10.1 – Skills development by salary band, 1 April 2001 to 31 March 2002

Grade (Salary Band)	Internal Training		External Training		Expenditure	
	Training day equivale nts	Average days per employ ee	Training day equivale nts	Averag e days per employ ee	Total expenditu re (R'000)	Average per employe e
Levels 1-2	20	1.3	0	0	0	0
Levels 3-5	40	1.08	60	1.08	109	2,791.26
Levels 6-8	50	0.89	80	0.89	370	6,499.63
Levels 9-12	100	1.36	120	1.36	469	6,419.02
Levels 13-14 SMS	30	0.76	80	2.05	541	13,192.23
<b>TOTAL</b>					1,489	

TABLE 10.2 – Skills development by race, gender, and disability, 1 April 2001 to 31 March 2002

Grade (Salary Band)	Internal Training		External Training		Expenditure	
	Training day equival nts	Average days per employ ee	Training day equival nts	Averag e days per employ ee	Total expenditur e (R'000)	Average per employe e
<b>African</b>						
Male (70) *	220	3.1	100	1.42	601	8,589.88
Female (78) *	200	2.6	90	1.15	257	3,287.84
<b>Asian</b>						
Male (5)	12	0.5	9	1.8	7	1,520.67
Female (4)	15	3.75	10	2.5	6	2,045.28
<b>Coloured</b>						
Male (3) *	15	5	8	2.6	4	1,191.65
Female (3)	15	3	9	1.8	9	1,763.00
<b>White</b>						
Male (30)	70	2.3	65	2.1	354	11,805.79
Female (28)	60	2.1	60	2.1	251	8,955.79
<b>Employees with a disability (*)</b>						
<b>TOTAL 221</b>					<b>1489</b>	



TABLE 10.3 – Skills development by type of training, 1 April 2001 to 31 March 2002

Type of training	Training				Expenditure	
	Number of beneficiaries	Training day equivalents	Average days per person	% of total	Total expenditure (R'000)	Average per beneficiary
Internal training (transverse workshops on public service and departmental policies and procedures)	221	240	1.08		0	
Formal training: (bursaries-studies at various institutions)	21	150	7.14		227	10,828.20
Computer training: (word processing, spreadsheet, presentation software)	22	22	1		123	5,576.81
Management development: (Performance management, project management, people)	70	100	1.42		701	10,017.07

management and development skills, change management, recruitment and selection, labour relations, Office-based training (secretarial, filing, phone etiquette, )	23	50	2.17		126	5,451.78
Policy-specific training: (formulation and implementation)	44	44	1		312	7,094.10
ABET	0	0	0	0		
Other	0	0	0	0		
<b>TOTAL</b>					<b>1489</b>	

**TABLE 10.4 – Total expenditure on skills development by programme, 2001/ 02 and the estimate expenditure within the MTEF**

Programme	Expenditure – 2001/ 02			Medium-term expenditure estimates		
	Original estimate	Actual expenditure	Variance	2002/ 03	2003/ 04	2004/ 05
	R1,575	R1,489	86	R799	R1120	R1215
<b>TOTAL</b>						

**TABLE 10.5 Profile of employees by salary level granted bursaries 1 April 2001 to 31 March 2002**

Salary Level	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees in salary band	% of total in salary band	Cost (R'000)	Per capita cost
Levels 1-2	0	10	0	0	
Levels 3-5	5	38	13.51	78	15,683.11
Levels 6-8	6	57	10.52	71	11,868.58
Levels 9-12	8	73	10.95	66	8,289.55
Levels 13-14 (SMS)	2	42	4.76	12	5,724.40
<b>TOTAL</b>	21	220		227	

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

	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total in salary band	Cost (R'000)	Per capita cost
<b>African</b>					
Male	9	70	12.85	96	10,683.18
Female	10	78	12.82	98	9817.67
<b>Asian</b>					
Male	0	5	0	0	
Female	0	4	0	0	
<b>Coloured</b>					
Male *	1	3	33.3	28	27,977.37
Female	0	3	0	0	
<b>White</b>					
Male	0	30	0	0	
Female	1	28	3.57	5	5,089.42
<b>Employees with a disability * (1)</b>					
<b>TOTAL</b>	21	221		227	

## Injury on duty

TABLE 11.1 – Injury on duty, 1 April 2001 to 31 March 2002

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	-	
Permanent Disablement	-	
Fatal	-	
<b>TOTAL</b>	<b>1</b>	

## **3. MANAGEMENT & ADMINISTRATION**

### **3.1. OFFICE OF THE DIRECTOR-GENERAL (ODG)**

#### **Governance and Administration Cluster**

The Director-General of the DPSA drives the programme for the Governance and Administration Cluster. The G&A cluster comprises the Presidency, National Treasury, Department of Public Service and Administration, Department of Provincial and Local Government and the Government Communication and Information System.

The DG of the DPSA plays a role in the implementation of cluster programmes such as a) integrated governance b) improving the capacity of government c) integrated service delivery and d) the promotion of good governance.

The cluster reports twice a year to the G&A Cabinet Committee and Cabinet Makgotla and has a pivotal role in co-ordinating and driving Government's planning, reporting and monitoring and evaluation functions. It also assumes responsibility, under the leadership of the Department of Provincial and Local Government, to guide the transformation of local government.

The DPSA is the lead department in cluster programmes and projects such as a) the review of the public service legislative framework b) the development of a peer review model and c) the anti-corruption programme (reported on in Chapter 4.4).

## **I. The review of the public service legislative framework**

The public service legislative framework was reviewed as a result of concerns over the lack of mobility between the spheres of government, especially between the public service and local government. In addition, the creation of public entities outside the public service was escalating, prompting concerns on the fragmentation of service delivery.

As a first step in attending to the above, a comparative study on the conditions of service of local government employees and public servants was commissioned. To this end, a steering committee consisting of representatives from the DPSA, DPLG and the South African Local Government Association was established.

The proliferation of public entities has also given rise to reflection on the macro-organisation of the public service and the broader public sector. Because the underlying structure of the Public Service Act of 1994 predates important constitutional, legislative and policy changes, the Act has been amended several times, superimposing modern principles on an outdated framework. Proposals for continuous improvement in this regard will be formulated in the next financial year.

## **II The peer review model**

The peer programme review is utilised in many countries. It is a structured process for the review of a programme of a department conducted for a department or ministry. The peer programme review model is to be developed based on comparative experience gleaned on two envisaged study tours.

## **International and regional Public Administration**

### **I. International Institute of Administrative Sciences Conference**

The International Institute of Administrative Sciences Conference is a global platform convened periodically to allow for learning and engagement on new approaches to public administration issues and challenges. In preparation for the conference in the next financial year, the DPSA has provided direct input into the framework for the conference and is actively supporting the Minister in her lead role as the Rapporteur-General of the next conference.

### **II. New Africa Initiative (NAI)**

In response to South Africa's leading role in the NAI and the Cabinet decision that departments needed to focus attention on their role in the NAI, the DPSA led a process of identifying critical contributions within the context of the Governance and Administration cluster. The central focus for this process was on activities and outputs that can contribute to the practical realisation of some of the objectives of the NAI.

### **III. Regional Public Administration**

The DPSA's leadership role has been recognised by a 'regional consultative forum' on public administration, which was held earlier this year in Arusha, Tanzania. In response to pressures to support a wider regional programme,

the department developed a proposal to enhance South Africa's leadership role in the area of governance and public administration.



## 4. PROGRAMME PERFORMANCE

### 4.1. INTEGRATED HUMAN RESOURCE

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The focus of Integrated Human Resources is in the development and implementation of broad frameworks on human resource systems and practices in the public service. It facilitates the modernisation of public service HR systems in line with transformation imperatives.

Its mandate also includes negotiations and conclusion of framework agreements on behalf of the state as employer with employee representatives on matters of mutual interest. This includes the establishment of partnerships with trade unions admitted to the Public Service Co-ordinating Bargaining Council (PSCBC).

#### **Priorities and progress achieved**

##### *(a) Performance Management in the Public Service*

The DPSA conducted a survey to assess progress in the implementation of performance management systems in the public service. The findings were published and, based on the recommendations of the report, specific measures are to be implemented to assist departments to utilise performance management systems as an essential workplace productivity management tool.

##### *(b) Human Resource Planning and Employment Equity within the Public Service*

During the year under review, the DPSA undertook a survey to assess the status of Human Resource Planning and Employment Equity within the Public Service. The survey revealed that departments tend to look at Employment Equity and Workplace Skills Plans in isolation, failing to take cognisance of broader concerns,

such as attracting and retaining staff with scarce skills. In order to address this issue, the DPSA developed guidelines on Human Resource Planning. These have been designed to enable departments to adopt an integrated approach to human resource planning. In addition, an Integrated Human Resource Planning Training Programme was developed in conjunction with SA Management Development Institute (SAMDI).

*(c) Employment Equity Targets*

In keeping with the vision set out in the White Paper on Affirmative Action, Public Service Regulations and the Employment Equity Act, the DPSA assessed the Public Service achievements in terms of meeting affirmative action targets with a view to introducing remedial actions.

*(d) Implementation of a comprehensive HIV/AIDS Strategy for the Public Service*

The Minister established a project team to address the threat of HIV/AIDS on the public service. During the course of 2001/2002 the project team focused on four critical areas:

- Policy and legislation review;
- The development of a workplace policy framework;
- The review of conditions of service; and
- Capacity building and support.

Achievements during 2001/2002 include:

- Reaching agreement with organised labour on how the public service should respond to the pandemic;
- The development of minimum norms and standards for workplace policies and programmes. This will be complemented by a detailed workplace manual;

- The formulation of proposals to extend medical and pension benefits;
- The development of a new ill-health management system;
- Training programmes have been introduced; and
- An Indaba was held to mobilise stakeholders and share best practices on the management of HIV/AIDS in the workplace.

The focus during the next **Medium Term Expenditure Framework** cycle will be on implementing policies, systems and guidelines. To this end, an integrated implementation strategy has been developed.

*(e) Senior Management Service*

The Public Service Regulations, 2001 were amended to provide for all members of the Senior Management Service (SMS) to disclose their financial interests annually.

A comprehensive Performance Management and Development System (PMDS) was developed for implementation with effect from 1 April 2002. Greater consistency in assessment processes is expected to impact positively on productivity and service delivery.

The DPSA has embraced the principle of competency-based recruitment and selection for the SMS. To support this principle, a competency framework was developed. This framework identified generic management and leadership competencies and implementation will be piloted in selected pilot sites.

Furthermore, a panel of competency assessment service providers was established and the training of assessors completed. Assessments will only be fully introduced once pilot results have proved these assessments to be valid, reliable, fair and non-discriminatory.

On 14 & 15 March 2001, the first SMS Conference was held in Durban, with the theme being "Moving the Public Service from Policy to Implementation". The Conference provided an opportunity for debate and discussion of issues that will contribute towards the establishment of best practices within the public service.

*(f) HRD Strategy for the Public Service*

In the year under review a Human Resource Development Strategy for the Public Service was developed and approved for implementation by Cabinet. The strategy incorporates a Scarce Skills Strategy and an Internship Framework to ensure a holistic approach to capacitating government departments. The implementation will commence in the next year. The overall purpose of this Strategy is to align public service systems and practice with the dictates of the National Skills Development Strategy issued by the Department of Labour, as well as aligning with the country's Human Resource Development Strategy.

*(g) Public Service Education and Training Authority (PSETA)*

The PSETA was launched in September 2001 and has registered the following achievements:

- Development of the Sector Skills Plan and approval by the Department of Labour.
- Accreditation of the PSETA by the South African Qualifications Authority (SAQA) on 15 August 2001, to serve as an Education and Training Quality Assurance Body.
- Development of skills programmes on Basic Administration and Customer Care (Batho Pele).
- Training of 60 assessors from various departments.
- Training of skills development facilitators from all state departments to develop and implement workplace skills plan.

- Reaching a 50% submission rate for workplace skills plans.
- Obtaining ministerial approval to institute a research project on functional literacy within the South African Police Service.

*(h) Review of Macro Benefits in the Public Service*

- Research and development work based on the proposals of the 1999/2000 Personnel Expenditure Review Report was conducted. The outcome of the research (on medical aid and pension arrangements) was submitted to Cabinet with proposals on the new directions. Negotiations regarding the new frameworks will commence in the new year.

*(i) Exit Management Packages*

Packages were developed to support the transformation and restructuring of the Public Service.

*(j) Pay Progression System for Levels 1 to 12*

A performance-based pay progression system was developed. This will be subjected to negotiation with public service unions.

*(k) Annual Salary Adjustments*

A multi-term agreement has been concluded on annual salary adjustments for the 2001-2004 financial years in the public service.

*(l) Transformation and Restructuring of the Public Service*

The state as employer developed and tabled for negotiations a framework agreement on the transformation of the public service.

*(m) Labour Relations Policy for the Public Service*

A draft policy was developed and the contents consulted with stakeholders. The policy will be incorporated into the 'Public Service Handbook on Labour Relations Issues for the Public Service'.

*(n) A Database on Disciplinary Cases in the Public Service*

A database was developed to provide public service managers with a facility to track and report on disciplinary cases in the public service.

*(o) Establishment of a Panel to deal with High Profile Cases*

A panel of experts has been established to fast track the finalisation of high profile disciplinary cases. This panel is also responsible for providing requisite assistance to national and provincial departments and facilitate training on disciplinary and incapacity codes and procedures.

*(p) A revised Foreign Service Dispensation (FSD)*

A framework on a revised FSD has been developed and approved for implementation in the coming year. The aim of the revised system is to align Public Service systems and practices with relevant national legislation.

*(q) MEDCOR*

The DPSA facilitated the investigation into the medical aid system used in the Correctional Services department. The aim of the investigation was to assess the system's weaknesses with a view to inform the introduction of strategies to satisfy constitutional dictates on cost-efficiency, transparency, effective utilisation of resources and to deal with governance sustainability issues.

*(r) The new leave system for the Public Service*

A new leave system was implemented with effect from July 2001. The aim of the new system is to:

- Encourage public servants to utilise their annual leave thereby solving the problem of unlimited accumulation of annual leave days.
- Minimise the abuse of sick leave.
- Introduce temporary and permanent disability or incapacity leave.
- Encourage managers to actively manage leave utilisation in the public service.
- Align the public service system with the provisions of the Basic Conditions of Service Act (BCEA).

*(s) Security Agency*

DPSA facilitated an investigation into the feasibility of introducing a state-owned security agency as a support program for the restructuring of the South African National Defence Force.

## **4.2. SERVICE DELIVERY IMPROVEMENT**

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During the year under review, the DPSA continued to give momentum to its programme of supporting service delivery improvement in the public service. The orientation of the support was towards a renewed focus on Batho Pele.

The nature of the work undertaken during the year can be organised around four crude categories, namely;

- (a) development of frameworks and strategies that support service delivery improvement ;
- (b) direct support to selected institutions;
- (c) mechanism to promote learning and knowledge management; and
- (d) mechanisms for enhancing the interface between the DPSA and the client departments it supports.

### **(a) Development of frameworks and strategies that support service delivery**

The following activities were embarked on:

#### **(i) Restoring the integrity of human resource records**

The integrity of human resource records in the public service cannot be overemphasised. It is a fundamental pillar in the promotion of transparent and open government. The strengthening and modernisation of basic office systems in Government has proved to be an important input in the delivery of effective and efficient services to citizens.



In order to assist departments with the keeping and managing of human resource records, the DPSA has, in close consultation with National Treasury, published three handbooks during the course of this year, namely:

- ❑ Best practice model for keeping and managing paper-based employee records.
- ❑ Toolkit to audit accrued leave before 1 July 2001.
- ❑ Guide on the functionality of PERSAL to promote the optimal utilisation of the system

The handbooks also provide diagnostic assessment tools that could be used on a regular basis to review the effectiveness and efficiency of the methods used currently to capture and manage human resource data.

## **(ii) Public Entities**

The Department of Public Service and Administration together with the National Treasury and the Department of Public Enterprises conducted research on public entities. This research focused on accountability, remuneration and management information systems within public entities. The research will inform an overarching legislative framework for service delivery, allowing for uniformity and flexibility of public sector institutions in the areas of governance, conditions of service, legal mandates and systems.

Another notable development in the year under review was the approval by Cabinet of a new process of considering requests for the creation of public entities. The process provides for a joint evaluation panel between the

Ministries of Public Service and Administration and of Finance to evaluate the business case for an intended public entity.

### **(iii) Underspending in government**

Underspending by government departments has been pointed out as one of the contributors to inadequate service delivery. In addressing this issue, research was undertaken during the year under review. A final report was developed; outlining spending trends provincially and nationally, with recommendations for improvement. The trends have indicated a general improvement in spending which is mainly attributed to improved planning for service delivery. Significant interventions by National Treasury such as the provision of financial management training have also had a positive impact on expenditure management.

It is envisaged that the implementation of the recommendations will add some impetus to the current initiatives that seek to accelerate service delivery.

### **(iv) Study on the use of consultants in the Public Service**

The DPSA conducted a study on the use of consultants in the public service. The aim of the study was to improve the understanding of Government on the following:

- ❑ The underlying reasons for the apparent increased dependency on the use of consultants in the public service.
- ❑ The impact of the use of consultants on the transformational and service delivery challenges that the public service faces.

Throughout the study, the use of consultants was identified as compensating for limited managerial and technical capacity to implement and manage. It also became evident that the majority of consultants are appointed for a longer period since they provide assistance with the implementation and operationalisation of work activities rather than high level strategic and professional interventions.

Following the findings of the study there were recommendations made which included the amendment of the Public Service Regulations to make provision for reporting on the use of the consultants and development of guides by departments on the selection and management of consultants.

#### **(b) Direct support to selected institutions**

A number of projects aimed at improving service delivery were implemented at both national and provincial level through consulting services and the Integrated Provincial Support Programme. The projects vary in terms of focus and duration.

##### **(i) Support to National Departments**

The DPSA together with SITA have provided extensive support to the Department of Home Affairs during 2000 and 2001 through a project that conducted both an external and internal environmental audit. The situational analysis report produced made recommendations aimed at improving both its front-office service delivery and back-office operations and systems.

Other national departments supported include the Presidency, where a number of workshops were run on HR and legal issues. In the Department of Labour, a report was completed on the new organisational top structure.

## **(ii) Centre for Public Service Innovation**

In an effort to accelerate service delivery, the DPSA established the Centre for Public Service Innovation. The Centre was established as a section (21) company. The mission of the Centre is to promote and support innovation by testing new practices, rewarding initiatives and sharing knowledge. The Centre will create an enabling environment for innovation through partnership between non-governmental entities, public and private sector. During the year under review, institutional elements of the Centre were put in place, including the appointment of a Board and key staff and setting up of operational systems.

## **(iii) Integrated Provincial Support Programme (IPSP)**

This multi donor programme focuses on supporting selected provincial administrations in:

- achieving and sustaining poverty alleviation;
- rendering of effective basic services; and
- good governance through the implementation of growth and development strategies.

The programme has achieved progress in establishing partnerships between DPSA, provinces and donors, and in promoting integrated and coordinated planning. At the

inception of the programme only three provinces participated. The good reputation and positive momentum established by the programme has led to the roll out into two more provinces, namely Free State and Mpumalanga. The design for the second phase of the IPSP was also finalised.

The following are some of the departmental support projects implemented through the IPSP:

### **Eastern Cape Department of Welfare**

The shift in policy towards a greater emphasis on social development requires a realignment of programmes and structures of departments of welfare in the provinces. The DPSA is currently offering assistance to the Department of Welfare in the Eastern Cape, to implement a restructuring plan for the next four years. In the process a social development model for provinces will be developed that will serve as a guide. A social development concept and restructuring strategy for the Eastern Cape has already been developed with implementation taking place in three districts. A Social Development Learning Network was also established to support the process.

### **South African Police Service (SAPS)**

The SAPS in the Limpopo Province has, in partnership with DPSA, started a Mobile Community Police Service in the Vhembe District. More mobile police services will be launched during the course of 2002. The Centre for Public Service Innovation and DPSA are also in the process of promoting the concept to other departments as well.

### **Limpopo Provincial Department of Public Works (DPW)**

The DPW has initiated a project on the outsourcing of road construction and commercialisation of road maintenance. The latter project was meant to introduce business principles in order to improve service delivery. Managers were exposed to activity-based costing and project management principles. The project has been successful and is being implemented in the Waterberg region.

### **(c) Mechanism to promote learning and knowledge sharing**

Learning networks are designed to create platforms, both provincially and nationally, to share experiences, present good practice and catalyse improvement. The programme has taken shape in the form of:

**Learning Networks** - these enable colleagues to share information on methodologies that enhance and accelerate service delivery. Learning networks active to date are e-Government and Corporate Service. More learning networks are scheduled to commence in 2002.

**Learning Events** - between May 2001 and March 2002, twenty-seven inter and intra learning events on various service delivery themes were organised in response to requests from provinces. These included an HIV/AIDS Indaba that was co-hosted with Metropolitan and USAID in 2001.

**Service Delivery Review** - this learning journal for public service managers, published three times a year, was launched in December 2001 as an additional platform for learning and sharing of information and knowledge among public servants.

**The Service Delivery Learning Academy** - this concept has been developed to provide an annual learning conference for public service officials who are at the coalface of service delivery.

**(d) Mechanism to strengthen interface between DPSA and client departments**

Based on the DPSA's operational strategy to integrate its regulatory role with the provision of support to the service delivery transformation initiatives in departments, the Client Services Unit was established. The main role of the Unit is to effectively support the interface between the Department and its client departments.

### **4.3. INFORMATION TECHNOLOGY AND MANAGEMENT**

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During the year 2001/2002, the DPSA intensified efforts to give strategic direction in the development of policies and standards to ensuring proper dissemination of information pertaining to e-Government and related projects.

Cabinet approved the draft e-Government policy in April 2001. The draft policy outlines the mission and vision of the South African government with regards to electronic service delivery, challenges and mechanisms of effecting service delivery based on citizens' life expectations and the necessary institutional framework to realise e-Government. In November 2001, e-Government regulations were developed and approved by the GITO Council. These regulations seek to enforce interoperability and information security across all government departments at all tiers of government.

- **The State Information Technology Agency**

The DPSA plays an oversight function over the State Information Technology Agency (SITA) on behalf of the Minister for Public Service and Administration.

This role involves ensuring that SITA:

- Reports on its operation and financial matters
- Delivers excellent service to its government departments clients
- Oversees the process of integrating government information communication technology (ICT) needs into SITA for servicing
- Ensuring that SITA plays a central procurement role for government's ICT needs



SITA has increasingly been positioned to enable government to realise economies of scale and eliminate duplication of government ICT systems. For SITA to be able to play this strategic role, Cabinet approved the restructuring of SITA into a holding company, with the following divisions:

- SITA C, taking care of the affairs of all other National Departments and Provincial Governments;
- SITA D, servicing the Department of Defence; and
- SITA e-Services, which will be the single channel for procurement of government IT and related services through its Information Technology Acquisition Centre (ITAC).

Various national departments and provincial governments have applied and received Cabinet approval for full participation and integration into SITA during 2001/2.

### **Gateway – towards a transversal ICT system**

To achieve integration of ICT, the DPSA has been interacting with departments on their projects to facilitate the co-ordination of ICT projects in consultation with the GITO Council. In this context, the DPSA has initiated an e-Government Gateway project, aimed at delivering a single access window to government services to citizens.

All e-Government projects will be brought in line with the objectives of the Gateway project. The Gateway project was launched and tender specification for the Information Flow phase part of the project published in November 2001.

#### **4.4. ANTI - CORRUPTION AND HIGH PROFILE CASES**

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Following the national Cabinet's decision in October 2001 that the DPSA should lead the development of a national anti-corruption drive as well as a Public Service Anti-corruption Strategy, the Unit for Anti-corruption and High Profile Cases was established in April 2001.

The Public Service Anti-corruption Strategy was developed through a consultative process involving departments, constitutional institutions and civil society and received Cabinet approval in January 2002.

During 2001 and 2002, an advanced training programme for presiding officers was established and 75 senior officials trained to preside in disciplinary hearings. These managers are now available for utilisation in disciplinary cases throughout the public service. During the reporting year, DPSA assisted departments to conclude nine high profile disciplinary cases. This service will be scaled down and phased out during the 2002/03 financial year.

The Unit acts as Government's counterpart in a support agreement with the United Nations Office for Drug Control and Crime Prevention. Through the support of this international agency, the DPSA expects to complete a corruption country assessment report in the next financial year.

Regionally, the Unit participates in anti-corruption initiatives, Commonwealth programmes against corruption and leads negotiations within the United Nations on a UN Convention against Corruption.

## **5. INTERNAL AUDIT**

### **5.1 EXPANDED AUDIT COMMITTEE REPORT**

#### **Background**

The governance structures of the Department, as defined in the PFMA, are the Internal Audit unit and the Audit Committee. Internal Audit is an independent and objective assurance and consulting unit designed to add value and improve on the organisation's operation.

It should assist an organisation in accomplishing its objectives by bringing a systematic, control and the governance process. Findings of audits are reported to the Accounting Officer and the Audit Committee. Where deficiencies are detected in areas under audit, recommendations are made by internal audit on measures to improve/strengthen the current controls.

Currently, the Internal Audit Section is at full complement and consists of a Manager: Audit (appointed 1 May 2001), two Internal Auditors and an Administrator/trainee auditor. The Department has ensured that all staff within the component have capacitated by receiving training in a number of aspects aligned to the requirements of Government Internal Auditors.

At present it is difficult to determine the value which has been added, as the unit is still fairly new. A number of the projects undertaken within the unit (risk assessment, drafting of three year internal audit plan) have also been assigned to external

consultants in order to finalise the projects speedily, as well as to transfer the required skills to internal staff within the component.

An Audit Committee has been established for the Department and performs an oversight function, controlling and directing the Internal Audit Function. It is an independent body that is chaired by a person from outside the public sector. The committee meets on a quarterly basis. All members of the Committee are from outside government in order to ensure independence, objectivity and transparency in decisions taken by the committee.

## **Measures**

A risk assessment profile of the department was completed during the period under review and a three-year strategic internal audit plan has been developed. Internal Audit's role is to ensure that proper, effective controls are in place which mitigate the risks identified as potentially threatening to the achievement of the department's strategic goals and objectives.

A Risk Committee, including representatives from all components of the department, will ensure continued focus on the potential risk areas by:

- Annually reviewing and agreeing on the risk profile of the Department
- Reviewing and assessing the effectiveness of risk management and control processes within the department and presenting their findings to the Executive and Audit Committees.

Senior management is responsible for ensuring that the actions recommended by the Risk Committee are discussed and agreed on and that appropriate resources are made available to mitigate areas of risk. Internal audit's initial focus is on assurance activities on the high-risk areas identified by management. Subsequent planning of audit will be based on the effectiveness of controls evaluated.

This process of analysis and prioritisation will be applied to all risks identified and analysed during the workshop and the risk based audit strategy will focus on the key areas/risks raised by management. By following this approach, Internal Audit's efforts will be geared towards adding value to the department by focusing on those areas that are important to management and that will assist the department in achieving its objectives.

The fraud prevention plan was reviewed by external consultants following the risk assessment and was found to be too lengthy and extremely cumbersome for easy implementation. Internal Audit is in the process of revising the current document to bring it more in line with the current needs of the Department and the Public Finance Management Act (PFMA).

The new draft fraud prevention plan will thereafter be presented to the Management Committee and the Executive Committee for discussion, fine-tuning and final agreement. All employees of the department will be sensitised to the new fraud prevention plan and buy in obtained from all levels in order for the plan to be effective through sound implementation.

## ***Chairperson's Report: Audit Committee***

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### ***Constitution of the Audit Committee***

*The audit committee was constituted in June 2001. It was decided that the committee would comprise of three members.*

*The present members are:*

- *Mr. Danie du Plessis (chairperson)*
- *Mrs. Gugu Motepe*
- *Mr. Lazarus Nekhondela.*

*Representatives of the Office of the Auditor General attend the meetings as observers. The chief financial officer of the Department and the chief internal auditor also attends meetings. The Director General of the Department attends on an ad-hoc basis as the need arises. The three full-time members of the committee are from the private sector and they are all chartered accountants.*

### ***Meetings***

*The committee met for the first time in September 2001. Two meetings were also held subsequent to that, the last being in July 2002. The audit committee meets at least three times per year.*

## **Work Programme**

*In this reporting period, the committee considered the following matters at the meetings:*

- ***The Internal Audit Committee Charter***

*The responsibilities of the audit committee were noted and internal audit scheduled the key issues that the committee must deal with during the year.*

- ***Internal Audit Charter***

*The internal audit charter was considered, with clarity obtained regarding the complement of internal audit as well as their reporting lines. Although internal audit reports to the chief financial officer functionally, it has been established that they should have free access to the Director General at any given time.*

- ***Capacity***

*Presently, the audit component comprises of a manager, two auditors and an administrative clerk. Although all the members of the internal audit section are busy with studies, the chief internal auditor has expressed concerns about the lack of practical audit experience. This matter is receiving the attention of the organisation's management.*

- ***Fraud Prevention Plan***

*A fraud prevention plan of the Department was presented to the committee. After the committee proposed certain changes, it was accepted.*

- ***Risk Assessment***

*There was a certain delay in the preparation of the plan but it has now been completed. The Department identified twenty risk factors. Internal audit was requested to structure their three-year audit plan in terms of the highest risk factors identified. It was also requested that the audit plan set target dates in order for the committee to evaluate the effectiveness of the internal audit component.*



### ***Internal Audit Reports***

*No audit reports had been submitted to the committee to date. Although certain reports had been finalised, it must be submitted to MANCO before the committee received it.*

### ***Donor Funds***

*The committee has requested that a presentation be made on the controls over donor funds and how it affects the medium term budget of the Department.*

### ***Annual Financial Statements and the Auditor General's Report***

*Certain concerns regarding the above were noted. In particular the following:*

- Clarity was sought as to how payments made to the SITA affected the financial statements of the Department; the specific concerns of the Auditor General were noted.*
- PSETA a public entity was incorporated into the Department, the Auditor General was requested to evaluate the effect of this on the finances of the Department.*

### ***Resignation Chief Financial Officer***

*The committee inquired regarding the resignation of the chief financial officer. They were advised that it be for normal career reasons.*

### ***Conclusion***

*The committee has not functioned for a sufficient time to evaluate to what extent the internal audit section has the full support of senior management or the extent to which the internal control environment is adequate. These matters will be addressed. The committee had the full co-operation of internal audit.*

*Danie du Plessis*

***Chairperson***

*24 July 2002*

## **DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

### **MANAGEMENT REPORT** **FOR THE YEAR ENDED 31 MARCH 2002**

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

#### **1. General review of the state of financial affairs**

The Department of Public Service and Administration takes its lead in shaping its orientation and direction, and therefore its spending priorities, from policy priorities of government, as expressed by the President, Cabinet and the Minister of Public Service and Administration. Also of particular relevance to spending priorities of the Department are the priorities and outputs generated through the Governance and Administration (G&A) Cabinet Cluster. The overall focus has been, and will continue to be over the medium term, to develop the overall capability of the 'public administration system' through building an integrated system of governance at national, provincial and local levels, and by enhancing the quality of service delivery through targeted support programmes. The following key areas have been identified for the medium term:

- Focus on strengthening service delivery institutions;
- A renewed focus on the modernisation of government operations;
- Monitoring and evaluation of performance;
- Strengthening the intergovernmental system;
- Human Resource Development (a critical element of which is the work of the Public Sector Education and Training Authority);
- HIV/AIDS in the Public Service;
- Anti-Corruption; and
- Assistance to NEPAD.

Expenditure trends of the Department over the 2001/2002 financial year were fairly constant over the first nine months, in line with the original budget allocation and spending priorities of the Department. A slight spike occurred in November 2001 due to increased spending on travelling, printing and the purchase of furniture. In October 2001, the adjustments estimate included an additional amount of R6 million for Programme 2 (over and above the amount approved by Treasury for rollovers from 2000/2001), which brought into account an amount to be transferred from the Public Service Sector Educational and Training Authority's (PSETA) Operational Account, a separate bank account. PSETA officially became part of the Department's budget as from 1 April 2001, and all operating and capital costs were thereafter carried within the DPSA's budget. The transfer of the funds from the PSETA account were in order to cover certain of their project costs, but was only confirmed in January 2002. Projects were therefore held back until confirmation was received. This led to a substantial increase in expenditure in February and March 2002.

Further reasons for the increase in expenditure over the last three months of the financial year are the following:

- The acceleration of training programmes for staff within the department, following the completion of a skills assessment and gap analysis project, the Ndawo Project, which was finalised late in November 2001.
- A concerted effort was made by the Finance Section to totally reconcile previously problematic creditors accounts, finalise discussions over disputed amounts and pay the accounts, in order to ensure no additional costs are required to be carried over into the new financial year for costs relating to previous periods.
- A number of capital projects (e.g. renewal of the Local Area Network(LAN) infrastructure of Batho Pele House and the purchase of laptops for the Senior Management Service of the DPSA as well as new desktops for targeted non-mobile high-end users within the department) culminated in this period. In addition certain tenders that were issued towards the end of 2001 and partly paid for in this period. Operational project undertaken in the last two months of the financial year included the SA Police Services Literacy Training Assessment tender, the Benchmarking of the Equate System Tender, payment of the DPSA's contribution to the Procurement Review project and Front Line Training in the Department of Home Affairs undertaken by SAMDI on behalf of PSETA.

## **2. Services rendered by the Department**

The Department's budget was split into three programmes:

- 1) Administration, including the office of the Director General, Executive Managers (Deputy Director General), Internal Audit, Legal Services, Ministerial Services and Communication, as well as all of the Corporate Management Functions.
- 2) Functional Assistance to the Minister, including the external service delivery arms of the department: Integrated Human Resources Anti Corruption, Service Delivery Improvement and the Government Chief Information Officer and his team.
- 3) Auxilliary and Associated Services which accounts for the transfer of funds to the State Information Technology Agency (SITA).

The aims and objectives of these units for the financial year have been discussed in detail earlier in the annual report.

## **3. Under/(over) spending**

Final budget allocation for the Department for the 2001/2002 financial year was R99,736 million. Expenditure for the year amounted to R99,113 million. Under expenditure for the year therefore amounted to a mere R623 000, or 0,84% of the total budget, excluding the transfer to SITA. Of this, R546 000 has been requested for rollovers into the 2002/2003 financial year for the completion of specific projects that had not been completed before 31 March 2002. These include the completion of two tenders issued in the financial year (Benchmarking the Equate system and SAPS Literacy Training Assessment), printing of the Public Service Review Journal and the delivery of furniture manufactured by the Boksburg prison on behalf of the Department.

Early indications of underspending on Personnel costs in the financial year, due to vacancies not being filled as originally anticipated, as well as in certain other areas of operating costs, led to the Department being able to rechannel the savings into areas which would have longer term benefits to the improved operations of the department i.e the lan upgrade and purchase of laptops and

desktops for high-end information technology users within the department. Improved expenditure control over the entire financial year, as well as tight controls over year end, will ensure that the expenditure continues to be closely aligned to the budget of the department in future years.

#### **4. Capacity constraints**

As mentioned above, the Department embarked on a comprehensive skills assessment of all staff of the department within the 2001/2002 financial year (Project Ndawo). In general the final report indicated a competent level of skill throughout the department as well as tremendous potential for further development of human capital and the ability of staff to move to higher levels within the organisation. In order to tap into this future potential of individuals, further capacity development within specific components and at specific levels in the organisation was suggested which would allow the fulfillment of future strategic goals and objectives of the Department by strengthening and enhancing the current skills of employees. This is in line with the changing focus of the department from policy development to providing direct assistance to service delivery institutions with regard to policy implementation. Areas for further development include project management, financial management for non-financial managers, problem solving, systems thinking, service delivery innovation and people management and empowerment. Improved communication, interpersonal skills, team leadership and team working were also indicated as areas where improvements could be made.

#### **5. Utilisation of donor funds**

The Department was fortunate to have had access to donor funding from a number of donor organisations during the 2001/2002 financial year:

- **DFID** (British Government): Inter-Provincial Support Programme I (IPSP: 2000-2002), Public Service Transformation Support Programme (PSTSP: 2001-2003)
- **GTZ** (German Development Cooperation): Public Service Review (2001-2003)
- **CIDA** (Canadian Government): HIV/AIDS (2002)
- **Netherlands Government**: Information Technology (2001, extended to 2002)
- **USAID** (United States Aid): HIV/AIDS (2001)

The IPSP is funded by **DFID**, with the first phase focusing on the Eastern Cape, Northern Province and KwaZulu Natal. The Free State and Mpumalanga joined the programme in the later stages leading to the IPSP I being extended until December 2002. The projects undertaken include the following:

- Eastern Cape: Strengthening co-ordination of developmental initiatives through the Office of the Premier; establishing social needs cluster integration (social development); welfare service delivery improvements; establishing corporate management systems in all departments; co-ordination of the IPSP programme in the Province.
- Northern Province: Service delivery and quality improvement; co-ordination of the Provincial Development Growth Strategy (PDGS); provincial performance management system; Public Finance Management Act and Public Service Regulation implementation; re-engineering of the Department of Public Works.
- KwaZulu/Natal: Improved effectiveness of the centre of government; management plans for the Office of the Premier; promotion of Batho Pele; review, development and implementation of the

PDGS (Office of the Premier); empowerment of KZN leadership; organisational review of the Department of Social Welfare; KZN nature conservation and provincial co-ordination.

- Free State: Macro development and operational planning; improvement of co-ordination, integration, monitoring and evaluation practices for the Thabo Mufutsanayane and Xariep areas.

The PSTSP is a **DFID** funded programme supporting ten outputs over a three-year period (2000-2003) and amounting to 3 million pounds (DPSA R13m, PSC R5.5m, Cross-cutting projects (PSC & DPSA) R8.5m and Procurement Management Review R3m). It provides technical assistance to the DPSA and PSC for the implementation of their transformation/reform programmes. The main purpose of the PSTSP is the creation of "a people-centred and people-driven public service which is characterised by equity, quality, timeousness and a strong code of ethics". The goal of the DFID assistance is to contribute to the achievement of the medium to long-term targets for public service transformation. The assistance also aims to promote co-operation between the DPSA and PSC in such a way that the latter can achieve its constitutionally mandated role as the independent commission to monitor, inspect, review and assess the performance of public service. The overall budget for 2001/2002 was R4m of which R3,5m was spent on the following projects/activities:

- Causes for underspending and unauthorised expenditure in National and Provincial Departments.
- Workshops held to develop and finalise the Anti-Corruption strategy and the training of senior managers in handling disciplinary cases. The last training of senior managers is taking place in the week of 20-24 May 2002.
- Involvement in NEPAD initiatives of the Governance & Admin Cluster of FOSAD, e.g. drafting of a capacity development plan for NEPAD. The detailed implementation plan will be tabled before the G-8 Countries meeting of June/July 2002.
- Gateway project support, jointly funded with SITA and the DPSA.
- Development of risk assessment plan for the DPSA in line with PFMA requirements.
- Funding of training initiatives to enhance the internal capacity of the DPSA.

The programme has assisted both the DPSA and PSC to initiate most of their critical projects e.g. competency profiling, underspending and unauthorised expenditure etc. Future funding will be required to continue with the work NEPAD.

**GTZ** is funding Public Service Reform projects over a three-year period (2000-2003), amounting to R15 million in total. Key result areas addressed in the 2001/2002 period are:

- Improvement in the efficiency and service delivery outputs of the Regulatory Sector, by better co-ordination mechanism regarding the Public Service transformation process.
- Improvement of the efficiency and service delivery of selected Provincial Departments by realigning structures, systems and human resource plans based on the Integrated Implementation Programme (IIP) process (e.g. KZN hospital decentralisation project).

Other specific projects funded by GTZ during the period included a peer review study tour for G&A cluster members, a learning network session on induction courses and the DPSA's internal skills assessment project mentioned above (Ndawo Project). GTZ continues to assist in various areas of training including the implementation of the Promotion of Administrative Justice Act, the Promotion of Access to Information Act, project management, legal drafting and thinking tools.

The Canadian Government funded the development of a manual dealing with managing HIV/AIDS in the workplace in the 2000/2001 financial year. Phase 1 of the project has been completed.

The Netherlands Government allocated R7,518 million in May 1999 for the Sectoral Budget Support Programme with regards to the setting up of SITA and usage of information technology within government. R1 million was earmarked for the Provincial Capacity Building Project which was completed during the 1999/2000 financial year. An amount of R349 000 was surrendered to the RDP Fund in March 2002. An amount of R6,103 million was transferred to SITA in July 2001 for completion of the following projects:

- Government-to-Government (G2G) project
- Inventory of Government-wide Information Systems
- Electronic Data Management System
- Compact Disk Production project.

Initial outcomes of the impact assessment conducted on the first two projects show a positive outcome. Extension has been granted for the finalisation of the last two projects until July 2002 in order for the projects to be finalised and the impact of the projects ascertained.

USAID funds technical expertise as and when required. During the 2001/2002 financial year funds were received for various activities relating to HIV/AIDS initiatives including the HIV/AIDS indaba held towards the end of 2001. The indaba was well attended and was found to be extremely beneficial to delegates from a learning network point of view.

## **6. Trading Entities/Public Entities**

The Department is responsible oversight of one Public Entity, the State Information Technology Agency (Pty) Ltd. SITA was established by the SITA Act; Act No 88 of 1998. Its main function is to provide information technology, information systems and related services to, or on behalf of, participating departments and organs of state, in a maintained information systems security environment. In regard to these services, SITA acts as an agent of the South African Government.

SITA is controlled by a Board of Directors and according to the SITA Act, is audited annually by the Auditor General. The audit is to be completed before the 31st of August of each year. The Annual Report is tabled by the Minister in Parliament during October of each year. SITA has established several committees to assist in the governance of the organisation, one of the most significant being the Audit Committee. SITA has also appointed specialist internal audit experts to audit SITA internally. The internal auditors report directly to the Group Chief Executive Officer and to the Audit Committee. SITA is also required to submit quarterly reports to the DPSA based on the business plan for the current year.

## **7. Other organisations to whom transfer payments have been made**

No other transfer payments have been made by the Department.

## **8. Public/private partnerships**

The Department did not embark on any Public/Private partnerships during the period under review.

## **9. Corporate governance arrangements**

A risk assessment profile of the department was completed during the period under review and a three-year strategic internal audit plan has been developed. Internal audit's role is to ensure that proper, effective controls are in place which mitigate the risks identified as potentially threatening to the achievement of the department's strategic goals and objectives. A Risk Committee, including representatives from all components of the department, will ensure continued focus on the potential risk areas by:

- ◆ Annually reviewing and agreeing on the risk profile of the Department
- ◆ Reviewing and assessing the effectiveness of risk management and control processes within the department and presenting their findings to the Executive and Audit Committees.

Senior management is responsible for ensuring that the actions recommended by the Risk Committee are discussed and agreed on and that appropriate resources are made available to mitigate areas of risk.

Internal audit's initial focus is on assurance activities on the high risk areas identified by management. Subsequent planning of audits will be based on the effectiveness of controls evaluated. This process of analysis and prioritisation will be applied to all risks identified and analysed during the workshop and the risk based audit strategy will focus on the key areas/risks raised by management. By following this approach, internal audit's efforts will be geared towards adding value to the department by focusing on those areas that are important to management and that will assist the department in achieving its objectives.

The fraud prevention plan was reviewed by external consultants following the risk assessment and was found to be too lengthy and extremely cumbersome for easy implementation. Internal Audit is in the process of revising the current document to bring it more in line with the current needs of the Department and the Public Finance Management Act (PFMA). The new draft fraud prevention plan will thereafter be presented to the Management Committee and the Executive Committee for discussion, fine-tuning and finally agreement. All employees of the department will be sensitised to the new fraud prevention plan and buy in obtained from all levels in order for the plan to be effective through sound implementation.

The governance structures of the Department, as defined in the PFMA, are the Internal Audit unit and the Audit Committee. Internal Audit is an independent and objective assurance and consulting unit designed to add value and improve on the organisation's operation. It should assist an organisation in accomplishing its objective by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk Management, control and the governance process. Findings of audits are reported to the Accounting Officer and the Audit Committee. Where deficiencies are detected in areas under audit, recommendations are made by internal audit on measures to improve/strengthened the current controls.

Currently, the Internal Audit Section is at full complement and consists of a Manager: Audit (appointed 1 May 2001), two Internal Auditors and an administrator/trainee auditor. The Department has ensured that all staff within the component have been capacitated by receiving training in a number of aspects aligned to the requirements of Government Internal Auditors. At present it is difficult to determine the value which has been added by the internal audit section, as the unit is still fairly new. A number of the projects undertaken within the unit (risk assessment, drafting of three year internal audit plan) have also been assigned to external consultants in order to finalise the projects speedily, as well as to transfer the required skills to internal staff within the component.

An Audit Committee has been established for the Department and performs an oversight function, controlling and directing the Internal Audit function. It is an independent body that is chaired by a person from outside the public sector. The committee meets on a quarterly basis. All members of the Committee are from outside government in order to ensure independence, objectivity and transparency in decisions taken by the committee.

#### **10. New/proposed activities**

During the period under review, though not a new activity as such, additional emphasis has been placed on ensuring the success of NEPAD (the New Partnership for Africa Development), and the role that the DPSA can play in this regard. In view of government's commitment to NEPAD and the centrality of state institutions and governance capacity for the implementation of NEPAD, the Secretariat of NEPAD has requested the direct assistance of DPSA and the Governance and Administration (G & A) Cluster. The support has and will focus on the development of state capability for effective development interventions and service delivery. In line with the requirements of NEPAD, the department, guided by the G & A cluster, is leading an initiative directed at mobilizing the required resources for 'Capacity Building' across the continent. The mobilized resources will establish programmes and capacity development projects to improve and enhance governance and administration capabilities across the continent. In view of this, and the constant demand for exchange and learning programmes with countries across Africa, it has become necessary for the department to invest in establishing operational capabilities for such support. In 2002/2003 a new Senior Manager position has been establishment in the Office of the Director General, in order to concentrate on this area.

In establishing the 'Capacity Development' interventions the DPSA is working closely with a range of Training and Capacity Development partners across the continent. Whilst the department is leveraging minimal internal resources for its operational activities in this area, the central focus has been on utilizing the resources to leverage substantive donor funding for the expected programmes. However, in view of the scale of the demands and the anticipated growth in activities, it is becoming necessary to expand the operational resources base to leverage the establishment of an effective and sustainable support programme.

In addition to establishing a wider 'Africa Capacity Development' programme, the departments will be establishing an information and knowledge exchange programme. The short run capacity building interventions and establishment of the long-run knowledge exchange platform will require greater investments from government. Over the past few months, the department has, through a minimal investment, succeeded in leveraging substantive donor resources for NEPAD related



activities. Over the next year, the department will organize and deliver a major continental conference for ' Political and Administrative' heads of public service departments. It is expected that the conference will serve as a platform to define a larger Governance and Administration agenda for actions within the fold of NEPAD. Whilst the department is committed to leveraging donor resources, the capability to sustain and grow the resources will largely depend on the initial base investment from government. In developing this programme, efforts have focused on demonstrated success (performance legitimacy), prior to requesting investments from government's budget. This, in a context where most of the DPSA's counterpart departments within and beyond the continent have fully established departments dealing with continental and regional 'governance and administration' issues. The growth of regional and continental structures demands increased public investments in establishing the required capacities and institutions. This trend will grow over the next few years and will require a sustained focus on building a regional and continental public service.

## **11. Progress with financial management improvements**

The Department of Public Service and Administration has progressed steadily in enhancing the financial management and controls within the Department over the 2001/2002 financial year. The Chief Financial Officer, appointed in September 2000, and her team of competent staff, ensure that the financial policies and procedures of the Department are in line with amendments to regulations, any other pertinent legislation, as well as to ensure controls are relevant at any given time.

Human resource development within the component is considered of utmost importance. Staff are regularly coached and trained on any amendments to systems and processes. External training is undertaken where deemed necessary, especially in areas such as "REAL" (Revenue, Expenditure, Assets and Liabilities) accounting and "GRAP" (Generally Recognised Accounting Practice) in order to ensure that staff are competent and will be able to implement accrual accounting in the future. In line with the Departmental policy of encouraging upward mobility within the DPSA, internal staff of the section are encouraged to continually strive for self improvement and increased skills in all areas of finance, in order to enable them to be appointed into higher positions as and when they become vacant.

The implementation of the PFMA has progressed well with line managers being trained in the requirements of the Act as it pertains to them in their role as line manager as well as programme or responsibility manager. One incidence of irregular expenditure has occurred in the period under review, amounting to R45 000. This was reported to Treasury and to the State Tender Board and included in the Early Warning Report for the particular month. A disciplinary hearing was held as soon as possible after the event took place, culminating in a final written warning to the guilty party and roles and responsibilities were once more clarified with the person concerned. It has been agreed that financial and tender training should be ongoing in the form of refresher courses, and that Finance should be approached where there are any doubts as to the correct process to be followed.

## **APPROVAL**

The annual financial statements set out on pages 69 to 95 have been approved by the Accounting Officer.

A handwritten signature in dark ink, appearing to read 'Ramaite', with a stylized, cursive script.

Robinson Muthanyi Ramaite  
Director General: Department of Public Service and Administration  
31 May 2002



A U D I T O R - G E N E R A L

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION – VOTE 9 FOR THE YEAR ENDED 31 MARCH 2002

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 69 to 95, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. NATURE AND SCOPE

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

An audit includes:

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

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

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

### 3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Public Service and Administration at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

**4. EMPHASIS OF MATTER**

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

**4.1. Matters not affecting the financial statements**

**Shares in the State Information Technology Agency**

At the date of this report no shares had been issued as contemplated in section 18(1) of the State Information Act, 1998 (Act No. 88 of 1998).

**5. APPRECIATION**

The assistance rendered by the staff of Public Service and Administration during the audit is sincerely appreciated.



S A Fakie  
Auditor-General

PRETORIA  
28/07/2002



# **DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

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## **Annual Financial Statements**

For the year ended 31 March 2002

# DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

## VOTE 9

### STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

**For the year ended 31 March 2002**

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

#### **1. Basis of preparation**

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

#### **2. Revenue**

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

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

#### **3. Expenditure**

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

#### **4. Unauthorised, irregular, and fruitless and wasteful expenditure**

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or

## DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

### VOTE 9

#### STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

**For the year ended 31 March 2002**

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

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

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

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

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

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

#### **5. Debts written off**

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

The policy applied by the Department is that the Accounting Officer or his delegate may write off debt if:

- a) the State Attorney has made a recommendation to that effect and the Department is in agreement therewith; or
- b) all reasonable steps in accordance with the policy have been taken to recover the debt, and
- c) the recovery of the debt would be uneconomical ; or
- d) recovery would cause undue hardship to the debtor or his/her dependants; or

## DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

### VOTE 9

#### STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

##### For the year ended 31 March 2002

- e) it would be to the advantage of the State to effect a settlement of the claim or to waive the claim owing to the fact that:
  - the debtor has neither assets nor income; or
  - i) all reasonable efforts to trace the debtor have failed; or
  - ii) the dividend to the creditors in respect of an insolvent estate was insufficient to meet the debt; or
  - iii) the financial position of the estate is so weak that the danger exists that if the debt is proved, a contribution will have to be paid to the estate; or
  - iv) there is no possibility now or in the foreseeable future of collection; or
  - v) the debtor is no longer a resident in South Africa, there are no apparent means of collecting the debt and there is no evidence that the debtor has family or business concerns in South Africa that could lead to the debtor returning to South Africa; or
  - vi) the debtor is deceased and there is no known estate.
- f) write off may also be appropriate when:
  - i) general ledger and/or subsidiary record account balances are insupportable; or
  - ii) the Auditor-General or other auditors have identified the need to adjust records (e.g. audit findings) and management has agreed with the aforementioned.
- g) A request to write off a debt for any other reason or an amount envisaged in (f) above must be submitted to the Chief Financial Officer.
- h) Debt of an official still in the employ of the state can only be written off on approval by the accounting officer.

#### 6. Assets

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

#### 7. Receivables



## DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

### VOTE 9

#### STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

##### **For the year ended 31 March 2002**

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

#### **8. Payables**

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

#### **9. Provisions**

Provisions are not normally recognised under the cash basis of accounting.

#### **10. Lease commitments**

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

#### **11. Subsequent payments**

Payments made after the accounting date that relates to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

#### **12. Employee benefits**

##### *Short-term employee benefits*

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

# DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

## VOTE 9

### STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2002

#### *Termination benefits*

Termination benefits are recognised and expensed only when the payment is made.

#### *Retirement benefits*

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund.

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

#### *Medical benefits*

The department provides medical benefits for certain of its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

### **13. Capitalisation reserve**

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

### **14. Recoverable revenue**

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the Revenue Fund as and when the repayment is received.

### **15. Comparative figures**

**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

**VOTE 9**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS**

**For the year ended 31 March 2002**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other

comparative figures that the department may reasonably have available for reporting.

**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION  
VOTE 9**

**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
for the year ended 31 March 2002**

<b>REVENUE</b>	<b>Note</b>	<b>2001/02 (R'000)</b>	<b>2000/01 (R'000)</b>
Voted Funds		99,736	88,073
- Other receipts	1	113	199
Local and foreign aid assistance (including RDP funds)	2.1	7,857	966
<b>TOTAL REVENUE</b>		<b>107,706</b>	<b>89,238</b>
<b>EXPENDITURE</b>			
Personnel	3	41,900	36,710
Administrative expenditure		10,268	7,560
Inventory		3,337	2,453
Equipment	4	9,182	2,498
Professional and special services	5	7,460	4,252
Transfer payments	6	26,593	31,094
Miscellaneous	7	13	232
Special functions: authorised losses	8	360	81
Local and foreign aid assistance (including RDP funds)	9	7,857	966
<b>TOTAL EXPENDITURE</b>		<b>106,970</b>	<b>85,846</b>
<b>NET SURPLUS</b>		<b>736</b>	<b>3,392</b>
Add back unauthorised, irregular, and fruitless and wasteful expenditure	10	-	133
<b>NET SURPLUS FOR THE YEAR</b>		<b>736</b>	<b>3,525</b>
<b>ANALYSIS OF NET SURPLUS FOR THE YEAR</b>			
Voted funds to be surrendered to Revenue Fund			
- Gross funds to be surrendered	15	623	3,326
Revenue surrendered or to be surrendered to Revenue Fund	16	113	199
		<b>736</b>	<b>3,525</b>

**DEPARTMENT OF PUBLIC SERVICES AND ADMINISTRATION**

**VOTE 9**

**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
as at 31 March 2002

<b>ASSETS</b>	<b>Note</b>	<b>2002 R'000</b>	<b>2001 R'000</b>
<b>Current assets</b>		1,196	1,437
Unauthorised, irregular, and fruitless and wasteful expenditure	10	-	133
Cash and cash equivalents	12	20	10
Receivables	13	963	910
Prepayments and advances	14	204	384
Revenue to be recovered	16	9	-
<b>Non-current assets</b>		-	-
<b>Total assets</b>		<u>1,196</u>	<u>1,437</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		1,196	1,437
Voted funds to be surrendered	15	427	169
Revenue to be surrendered	16	-	2
Bank overdraft	17	721	817
Payables	18	48	27
Local and foreign aid assistance (including RDP funds) repayable to donors	19	-	422
<b>Total liabilities</b>		<u>1,196</u>	<u>1,437</u>

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

VOTE 9

**CASH FLOW STATEMENT**  
for the year ended 31 March 2002

	Note	2001/02 R'000	2000/01 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	22	35,673	33,434
Cash required/utilised to increase/decrease working capital	23	(141)	(671)
Voted funds and Revenue funds surrendered	24	(293)	(1,522)
<b>Net cash flow available from operating activities</b>		35,239	31,241
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(35,133)	(33,066)
Purchase of equipment	4	8,541	1,972
Capital Expenditure included in Transfer Payments	6	26,592	31,094
<b>Net cash flows from operating and investing activities</b>		106	(1,825)
<b>Net increase/(decrease) in cash and cash equivalents</b>		106	(1,825)
<b>Cash and cash equivalents at beginning of period</b>	12/17	(807)	1,018
<b>Cash and cash equivalents at end of period</b>	12/17	(701)	(807)

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

VOTE 9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2002

1	Other receipts	Notes	2001/02	2000/01
	Descriptions		R'000	R'000
	Cheques written back		60	19
	Commission		17	18
	Parking		14	12
	Other revenue		18	86
	Interest received		2	1
	Previous year's expenditure		(1)	46
	Debt recoveries (recoverable revenue)		3	17
			<u>113</u>	<u>199</u>
2	Local and foreign aid assistance (including RDP funds)	Notes	2001/02	2000/01
2.1	Received in cash		R'000	R'000
	Local aid assistance (including RDP funds)	2.2	265	-
	Foreign aid assistance	2.3	7,592	966
			<u>7,857</u>	<u>966</u>
2.2	Local aid assistance (including RDP funds):			
	Description			
	Metropolitan: SMS Conference		195	-
	SAA Airways		70	-
			<u>265</u>	<u>-</u>
2.3	Foreign aid assistance:			
	Description			
	Netherlands: Budget Sectoral Support Programme		6,104	-
	Netherlands: Roll-over		21	171
	Canadian Government		-	19
	Department of International Development (Funding 3 posts)		1,467	776
			<u>7,592</u>	<u>966</u>
2.4	Local and foreign aid assistance received in kind (value not included above)		2001/02	2000/01
	Local aid assistance (including RDP funds)	2.5	R'000	R'000
	Foreign aid assistance	2.6		
			23	-
			30,459	6,424
			<u>30,482</u>	<u>6,424</u>
2.5	Local aid:			
	Description			
	Accenture		3	-
	Telkom		3	-
	National Treasury		3	-
	Cornastone Technology		9	-
	University of Namibia		5	-
			<u>23</u>	<u>-</u>

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

VOTE 9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2002

2.6 Foreign aid:

Description

Canadian Government: Development of a workplace policy	120	40
GTZ: Technical assistance and expertise for public service reform	2,031	1,170
DIFD: Tender advertisements	-	21
USAID: HIV Aids/Impact and Assessment	540	483
DIFD: Transformation Support Programmes	5,000	1,184
DIFD: IPSP I: N Province, Kwa-zulu Natal, Mpumalanga, Free State and E Cape (Partnership with provinces)	22,768	3,493
EU: Vulindlela Human Resource Report	-	33
	30,459	6,424

3 Personnel

	2001/02 R'000	2000/01 R'000
Appropriation to Executive and Legislature	477	395
Basic salary costs	27,746	24,653
Pension contributions	4,069	3,661
Medical and contributions	1,609	1,453
Other salary related costs	7,999	6,548
	41,900	36,710
Average number of employees	232	232

4 Equipment

Notes

	2001/02 R'000	2000/01 R'000
Capital	8,541	1,972
Current (Rentals, maintenance and sundry)	641	526
	9,182	2,498

4.1 Capital equipment analysed as follows:

	2001/02 R'000	2000/01 R'000
Computer equipment	2,484	1,040
Furniture and office equipment	875	402
Other machinery and equipment	4,843	262
Transport	339	268
	8,541	1,972

5 Professional and special services

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
Auditors' remuneration	714		714	1,078
Consultants and advisory services	3,185		3,185	436
Commissions and committees	51		51	-
Computer services	2		2	-
Other	3,508		3,508	2,738
	7,460	-	7,460	4,252

6 Transfer payments  
Transferee

	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
SITA (Pty) Ltd	1	26,592	26,593	31,094
	1	26,592	26,593	31,094



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For the year ended 31 March 2002

7	Miscellaneous	Notes	2001/02 R'000	2000/01 R'000	
	Stabilisation fund (Terminates after 2001)		-		229
	Remissions, refunds and payments made as an act of grace	7.1	-		1
	Gifts, donations and sponsorships made	7.2	13		2
			13		232
7.1	Remissions, refunds and payments made as an act of grace	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
	Nature of remissions, refunds and payments				
	P Makoena			-	1
		-	-	-	1
7.2	Gifts, donations and sponsorships paid in cash by the department (items expensed during current year)	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
	Nature of gifts, donations and sponsorships				
	Gifts to dignitaries	13	-	13	2
		13	-	13	2
8	Special functions: Authorised losses	Notes	2001/02 R'000	2000/01 R'000	
	Material losses through criminal conduct	8.1	-		8
	Debts written off	8.3	360		73
			360		81
8.1	Material losses through criminal conduct	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
	Nature of losses				
	Stolen Imperial car			-	6
	Misappropriated Pentax Tipex pens			-	2
		-	-	-	8
8.2	Other material losses written off in income statement in previous periods (Total not included above)	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
	Nature of losses				
	Stolen microwave		1	1	-
	Stolen laptops		26	26	16
	Stolen pagers		2	2	-
	Stolen cellphones		1	1	1
	Stolen two-way radios		-	-	6
	Stolen fax machines		-	-	17
		-	30	30	40
8.3	Debts written off	Current expenditure	Capital expenditure	2001/02 R'000	2000/01 R'000
	Nature of losses				
	Tax debt	-	-	-	49
	Salary Debt	-	-	-	10
	Insurance excess claim	3	-	3	3
	Housing guarantees	-	-	-	10
	Interest on Diners Credit Card	8	-	8	-
	Travel and subsistence	-	-	-	1
	Compensation payout	349	-	349	-
		360	-	360	73

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<b>9</b>	<b>Local and foreign aid assistance (including RDP funds)</b>		<b>2001/02</b>	<b>2000/01</b>
<b>9.1</b>	<b>Expenditure per organisation</b>		<b>R'000</b>	<b>R'000</b>
	Netherlands: Budget Sectoral Support Programme		6,125	171
	Canadian Government		-	19
	Metropolitan		195	-
	SAA Airways		70	-
	Department of International Development (DIFD) (Funded posts)		1,467	776
			<u>7,857</u>	<u>966</u>
<b>9.2</b>	<b>Expenditure per standard item</b>		<b>2001/02</b>	<b>2000/01</b>
	Personnel		1,467	776
	Administrative		285	39
	Inventory		-	138
	Professional and special services		6,105	13
			<u>7,857</u>	<u>966</u>
<b>10</b>	<b>Unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure</b>		<b>2001/02</b>	<b>2000/01</b>
		<b>Notes</b>	<b>R'000</b>	<b>R'000</b>
	Fruitless and wasteful expenditure	10.2	-	133
			<u>-</u>	<u>133</u>
<b>10.1</b>	<b>Reconciliation of movement in account balance</b>	<b>Notes</b>	<b>2001/02</b>	
	Opening balance		133	
	Transfer from income statement		-	
	Transfer to income statement		(8)	
	Transfer to receivables for recovery		(125)	
	Closing balance		<u>-</u>	
<b>10.2</b>	<b>Fruitless and wasteful expenditure</b>			
	<b>Incident</b>	<b>Disciplinary steps taken/ criminal proceedings</b>	<b>2001/02</b>	<b>2000/01</b>
			<b>R'000</b>	<b>R'000</b>
	Indigo Marketing	An amount of R45 600 has been repaid by Indigo Marketing and the remaining amount of R72 378.60 was recovered from the official in February 2002.		118
	Interest on Diners Credit Card	An amount of R7 646.36 was reversed by Diner's International and the remaining amount of R7 646.33 was written off as a loss against the State.		15
			<u>-</u>	<u>133</u>

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<b>11</b>	<b>Irregular expenditure</b>		<b>2001/02</b>	
<b>11.1</b>	<b>Irregular expenditure (Amount not included in above)</b>		<b>R'000</b>	
	<b>Incident</b>	<b>Disciplinary steps taken/ criminal proceedings</b>		
	A case of financial misconduct has been reported to the State Tender Board and National Treasury, but the decision from the Tender Board is still pending. The official failed to comply with the provisions of the tender procedures.	A disciplinary hearing was held and the outcome of the findings were as follows: - official was found guilty of not following tender procedures - amount was not recovered as the product was delivered timeously and to the specifications of the Department.	45	
	A payment with regard to the HRD strategic launch in the Eastern Cape has been identified as irregular because no approval was obtained for the procurement of venues/accommodation above R100 000 from the State Tender Board.	The matter will be reported to the State Tender Board and National Treasury. Control measures and procedures in terms of TR9.1 will also be implemented.		
			144	
			<u>189</u>	
<b>12</b>	<b>Cash and cash equivalents</b>		<b>2001/02</b>	<b>2000/01</b>
			<b>R'000</b>	<b>R'000</b>
	Paymaster General Account (Bank/current account)		-	-
	Cash with commercial banks		-	-
	Cash in transit		-	-
	Cash on hand		20	11
			<u>20</u>	<u>11</u>
<b>13</b>	<b>Receivables - Current</b>	<b>Notes</b>	<b>2001/02</b>	<b>2000/01</b>
			<b>R'000</b>	<b>R'000</b>
	Amounts owing by other departments	21	395	184
	Staff debtors	13.3	97	62
	Other loans and debtors	13.4	471	664
			<u>963</u>	<u>910</u>
<b>13.1</b>	<b>Amounts totalling to R11 000 (2000/01: R176) included above may not be recoverable, but has not been written off in the income statement.</b>			
<b>13.2</b>	<b>Age analysis - receivables</b>		<b>2001/02</b>	<b>2000/01</b>
			<b>R'000</b>	<b>R'000</b>
	Less than one year		810	754
	One to two years		42	40
	More than two years		111	116
			<u>963</u>	<u>910</u>
<b>13.3</b>	<b>Staff debtors</b>		<b>2001/02</b>	<b>2000/01</b>
			<b>R'000</b>	<b>R'000</b>
	T&S advances		33	5
	Disallowance		14	12
	T&S debts		50	45
			<u>97</u>	<u>62</u>

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<b>13.4 Other debtors</b>		<b>2001/02</b>	<b>2000/01</b>
		<b>R'000</b>	<b>R'000</b>
Claims recoverable		410	653
Thefts and losses		38	5
Payments in suspense		23	6
		<u>471</u>	<u>664</u>
<b>14 Prepayments and advances</b>		<b>2001/02</b>	<b>2000/01</b>
<b>Nature of prepayments/advances</b>		<b>R'000</b>	<b>R'000</b>
Justice		204	204
Government Printers		-	180
		<u>204</u>	<u>384</u>
<b>15 Voted funds to be surrendered</b>	<b>Note</b>	<b>2001/02</b>	<b>2000/01</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		169	1,320
Transfer from income statement		427	169
Paid during the year	24	(169)	(1,320)
Funds not requested from National Treasury		196	3,157
Closing balance		<u>623</u>	<u>3,326</u>
<b>16 Revenue funds to be surrendered</b>	<b>Note</b>	<b>2001/02</b>	<b>2000/01</b>
<b>Funds to be surrendered</b>		<b>R'000</b>	<b>R'000</b>
Opening balance		2	5
Transfer from income statement for revenue to be surrendered		113	199
Paid during the year	24	(124)	(202)
Closing balance		<u>(9)</u>	<u>2</u>
<b>17 Bank Overdraft</b>	<b>Note</b>	<b>2001/02</b>	<b>2000/01</b>
		<b>R'000</b>	<b>R'000</b>
Paymaster General Account (Bank/current account)	17.1	(701)	(807)
<b>17.1 Reconciliation of Paymaster General Account/ Exchequer account</b>		<b>2001/02</b>	<b>2000/01</b>
		<b>R'000</b>	<b>R'000</b>
Balance as per National Accounting Office		1,714	1,273
Add: Outstanding deposits		1	1
Sub total		<u>1,715</u>	<u>1,274</u>
Deduct:		2,436	2,092
Orders payable outstanding		196	315
Outstanding payments		2,207	1,716
ACB control account		33	61
Petty cash	12	20	11
Balance above		<u>(701)</u>	<u>(807)</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2002

<b>18</b>	<b>Payables - Current</b>	<b>Notes</b>	<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
	<b>Description</b>			
	Amounts owing to other departments	21	5	-
	Other payables	18.1	43	27
			<u>48</u>	<u>27</u>
<b>18.1</b>	<b>Other payables</b>		<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
	Rec Int Debt		5	3
	Rec Rev Debt		-	4
	Income tax		37	-
	Tax debt		1	-
	Salary reversal		-	4
	Assistant Fund		-	16
			<u>43</u>	<u>27</u>
<b>19</b>	<b>Local and foreign aid assistance (including RDP funds) repayable to donors</b>		<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
	Netherlands		-	349
	Canadian Government		-	73
			<u>-</u>	<u>422</u>
<b>19.1</b>	<b>Reconciliation of account</b>		<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
	Opening balance		422	712
	Funds received		6,104	93
	Repaid to donors during year		(401)	(193)
	Actual Expenditure		(6,125)	(190)
	Closing balance (to be surrendered/repayable/rolled over)		<u>-</u>	<u>422</u>
<b>20</b>	<b>Local and foreign aid assistance (including RDP funds) rolled over</b>		<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
	Netherlands		-	349
	Canadian Government		-	73
			<u>-</u>	<u>422</u>

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2002

21 Transactions with other departments

Current

Name of department

Owing by  
Other department

Owing to  
Other department

Agriculture	1	-
Environmental Affairs	13	-
Foreign Affairs	12	-
Health	2	-
Housing	1	-
Justice	-	5
National Intelligence	25	-
Public Works	3	-
Provincial Government	1	-
Public Service Commission	111	-
Samdi	225	-
Water Affairs	1	-
Actual 2001/02: R'000	395	5
Actual 2000/01: R'000	184	-

22 Net cash flow generated by operating activities

Notes

2001/02  
R'000

2000/01  
R'000

Net surplus as per Income Statement	736	3,525
Adjusted for items separately disclosed	35,133	33,066
Purchase of equipment	4.1 8,541	1,972
Capital Expenditure included in Transfer Payments	6.1 26,592	31,094
Adjusted for non-cash items		
Funds not requested	15 (196)	(3,157)
Net cash flow generated by operating activities	35,673	33,434

23 Cash generated (utilised) to (increase)/decrease working capital

2001/02  
R'000

2000/01  
R'000

(Increase)/decrease in receivables	(53)	(186)
(Increase)/decrease in prepayments and advances	180	(60)
(Increases)/decrease in other current assets	133	(133)
Increase/(decrease) in payables	(401)	(292)
	(141)	(671)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**24 Voted funds and Revenue funds surrendered**

	2001/02 R'000	2000/01 R'000
Voted funds surrendered during the year	(169)	(1,320)
Revenue funds surrendered during the year	(124)	(202)
	<u>(293)</u>	<u>(1,522)</u>

**25 Contingent liabilities**  
**Liable to**

	Nature of contingent liability	Notes	As at 31 Mar 02	As at 31 Mar 01
Stannic	Motor vehicle guarantees	25.1	790	1,169
Financial institutions	Housing guarantees	25.2	695	659
<b>Actual 2002: R'000</b>			<u>1,485</u>	<u>1,828</u>
<b>Actual 2001: R'000</b>			<u>-</u>	<u>-</u>

**25.1 Motor vehicle guarantees**

Stannic	790	1,169
---------	-----	-------

**25.2 Housing loan guarantees**

Name of financial institution	Opening balance	Guarantees issued during the financial year	Guarantees released/ written off during the financial year	Closing balance
Standard Bank	63	46	34	75
Saambou	73	14	-	87
First National Bank	32	22	14	40
NBS	54	56	-	110
Nedcor	206	-	57	149
ABSA	231	48	45	234
	<u>659</u>	<u>186</u>	<u>150</u>	<u>695</u>

**26 Subsequent payments not recognised in income statement**

**26.1 Listed by standard item**

	2001/02 R'000
Stores	169
	<u>169</u>

**26.2 Listed by programme level**

	2001/02 R'000
Programme 1 : Administration	135
Programme 2 : Functional assistance to the Minister	34
	<u>169</u>

**27 Short term employee benefits**

	2001/02 R'000
Leave entitlement	6,449
Thirteenth cheque	579
Performance bonus	564
	<u>7,592</u>

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2002

<b>28</b>	<b>Commitments Liable to</b>	<b>Current expenditure</b>	<b>Capital expenditure</b>	<b>2001/02 R'000</b>
	Booz Allen and Hamilton	472	-	472
		<u>472</u>	<u>-</u>	<u>472</u>
<b>29</b>	<b>Leases</b>	<b>Property</b>	<b>Equipment</b>	<b>2001/02 R'000</b>
	Later than 1 year and not later than 5 years	-	281	281
	Later than 5 years	-	-	-
		-	281	281
	Future finance charges	-	-	-
	Present value of lease liabilities	-	281	281
<b>30</b>	<b>Controlled entities</b>			
	The Department of Public Service and Administration oversees the State Information Technology Agency (Pty) Ltd. Refer to Note No. 6 and the Management Report for more details.			
<b>31</b>	<b>Key management personnel</b>		<b>Total Remuneration Package R'000</b>	
<b>31.1</b>	The key personnel of the Department who have the authority and responsibility for planning, directing and controlling the activities of the Department are the following:			
	Minister, Director-General and Four Executive Managers		3,104	



DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

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APPROPRIATION STATEMENT  
for the year ended 31 March 2002

Programme	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
1: Administration	29,386	2,140	31,526	31,379	147	0.47%	26,826	26,439
2: Functional assistance to the Minister	43,757	(2,500)	41,257	40,781	476	1.15%	30,072	27,133
3: Auxilliary and associated services	26,593	-	26,593	26,593	-	-	31,094	31,094
4: Special functions: Authorised losses	-	360	360	360	-	0.00%	81	81
<b>Total</b>	99,736	-	99,736	99,113	623	0.62%	88,073	84,747
Economic classification - Actual expenditure	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Current								
Personnel	45,619	(3,696)	41,923	41,900	23	0.05%	38,864	36,710
Transfer payments	1	-	1	1	0	-	55	55
Other	24,875	(2,287)	22,588	22,079	509	2.25%	15,575	14,971
Capital								
Transfer payments	26,592	-	26,592	26,592	0	-	31,099	31,039
Acquisition of capital assets	2,649	5,983	8,632	8,541	91	1.05%	2,480	1,972
<b>Total</b>	99,736	-	99,736	99,113	623	0.62%	88,073	84,747
Standard items - actual expenditure	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Personnel	45,619	(3,696)	41,923	41,900	23	0.05%	38,864	36,710
Administrative	10,863	(555)	10,308	10,268	40	0.39%	7,567	7,545
Inventories	2,620	877	3,497	3,337	160	4.58%	2,471	2,453
Equipment	3,464	5,808	9,272	9,182	90	0.97%	3,010	2,498
Professional and special services	10,577	(2,809)	7,768	7,460	308	3.96%	4,678	4,134
Transfers	26,593	-	26,593	26,593	-	-	31,154	31,094
Miscellaneous	-	14	14	13	1	7.14%	248	232
Special functions: Authorised losses		361	361	360	1	0.28%	81	81
<b>Total</b>	99,736	-	99,736	99,113	623	0.62%	88,073	84,747

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

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NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2002

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

1.1 Per programme:

**Programme 1: Administration**

The savings are due to vacancies not being filled when anticipated and lower than expected adjusted travelling expenditure.

**Programme 2: Functional assistance to the Minister**

The savings are due mainly to the Benchmarking of the EQUATE job evaluation system, functional literacy training assessment for the SAPS and the production and distribution of the Service Delivery Review document, not having been finalised by year-end.

An amount of R56 000 has been requested to be rolled over for the EQUATE system, R255 000 for the training assessment and R150 000 for the Service Delivery Review Document.

1.2 Per standard item:

**Inventories:**

The saving is due to printing of the Service Delivery Review Document not having been completed.

**Equipment:**

The saving is due to furniture ordered from the Department of Correctional Services which could not be delivered before the end of March 2002.

**Professional and special services:**

The saving is due to the fact that the finalisation of the Benchmarking report went beyond the end of March 2002. Final payment to the suppliers will occur once the final product has been delivered. A further tender was awarded to a consultant for the functional literacy training assessment for the SAPS in February 2002. It is anticipated that the project will be completed by the end of June 2002.

	2002 R'000	2001 R'000
Total revenue per income statement	107,706	89,238
Less: Other receipts	(113)	(199)
Less: Local and foreign aid assistance(including RDP funds)	(7,857)	(966)
Voted funds per appropriation account	99,736	88,073
Total expenditure per income statement	106,970	85,846
Less: Amount spent on local and foreign aid assistance (including RDP funds)	(7,857)	(966)
Less: Unauthorised expenditure		(133)
Actual expenditure per appropriation statement	99,113	84,747

**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

**VOTE 9**

**SUMMARY INCOME STATEMENT OF AID ASSISTANCE RECEIVED**  
for the year ended 31 march 2002

	Notes	2001/02 R'000	2000/01 R'000
<b>Received in kind</b>			
<b>Total local aid assistance (incl RDP)</b>	2.4	23	-
Accenture		3	-
Telkom		3	-
National Treasury		3	-
Cornastone Technology		9	-
University of Namibia		5	-
<b>Total foreign aid assistance</b>	2.4	30,459	6,424
Canadian government		120	40
German Development		2,031	1,170
USAID		540	483
Department for International Government		27,768	4,698
EU		-	33
<b>Aid assistance received in kind</b>		<u>30,482</u>	<u>6,424</u>
<b>Received in cash</b>			
<b>Total local aid assistance (incl RDP)</b>	2.1	265	-
Metropolitan		195	-
SAA Airways		70	-
<b>Total foreign aid assistance</b>	2.1	7,592	966
Netherlands Government		6,125	171
Canadian Government		-	19
Department for International Government		1,467	776
<b>Aid assistance received in cash</b>		<u>7,857</u>	<u>966</u>
<b>Less:</b>			
<b>Donor funded expenditure</b>	9	7,857	966
<b>Total local aid assistance (incl RDP)</b>		265	-
Metropolitan		195	-
SAA Airways		70	-
<b>Total foreign aid assistance</b>		7,592	966
Netherlands Government		6,125	171
Canadian Government		-	19
Department for International Government		1,467	776
<b>Aid assistance paid in cash</b>		<u>7,857</u>	<u>966</u>
<b>Net surplus / deficit</b>		<u>30,482</u>	<u>6,424</u>
<b>Analysis:</b>			
<b>Rolled over</b>		-	422
<b>Repayable to donor</b>		-	422
		<u>-</u>	<u>-</u>

DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION

VOTE 9

ANALYSIS OF DONOR FUNDED EXPENDITURE PAID IN CASH

Total local aid assistance  
(including RDP)

Total foreign aid assistance

Donor 1	Donor 2	Total	Donor 1	Donor 2	Total
Netherlands Government	-	-	6,125	-	6,125
Dept for International Government	-	-	-	1,467	1,467
SAA Airways	70	70	-	-	-
Metropolotian	-	195	-	-	-
70	195	265	6,125	1,467	7,592

Expenditure per standard item

Personnel  
Administrative  
Professional and special services

-	-	-	-	1,467	1,467
70	195	265	21	-	21
-	-	-	6,104	-	6,104
70	195	265	6,125	1,467	7,592

**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

**VOTE 9**

**STATEMENT OF LOCAL AID ASSISTANCE RECEIVED (INCLUDING RDP)  
for the year ended 31 March 2002**

Source of funds	Intended use	Amount rolled over 2001/02	Amount received for the year	Amount spent for the year	Balance un/overspent as at 31-March-02
Metropolitan	SMS Conference in Durban	-	195	195	-
SAA Airways	SMS Conference in Durban	-	70	70	-
		-	265	265	-

**Value received in kind**

Source of aid	Intended use	2001/02 R'000	2000/01 R'000
Accenture	Host GITO council	3	-
Telkom	Host GITO council	3	-
National Treasury	Host GITO council	3	-
Cornastone Technology	Host GITO council	9	-
University of Namibia	4 day workshop	5	-
		23	-

**Performance information on use of assistance:**

Provide performance information on use of assistance

**SMS Conference**

The use of the assistance from Metropolitan was utilised for venue hire, technical and support assistance in Durban. Promotional and conference material, for example, programmes, printing, invitation cards, flyers, banners, pens and files were bought.

SAA Airways sponsored the flight tickets of the SMS members who attended the conference.

**Pending applications for assistance:**

Source of assistance	Intended use	2001/02 R'000	2000/01 R'000
		-	-

**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION**

**VOTE 9**

**STATEMENT OF FOREIGN AID ASSISTANCE RECEIVED  
for the year ended 31 March 2002**

<b>Source of funds Actual 2002 R'000</b>	<b>Intended use</b>	<b>Amount rolled over 2001/02</b>	<b>Amount received for the year</b>	<b>Amount repaid</b>	<b>Amount spent for the year</b>	<b>Balance un/overspent as at 31-March-02</b>
Netherlands Government	IT Projects	349	6,104	328	6,125	-
Canadian Government	Project Aids	73	-	73	-	-
Department for Inter- national Development	Funding of 3 posts	-	1,467	-	1,467	-
		422	7,571	401	7,592	-

<b>Source of funds Actual 2001 R'000</b>	<b>Intended use</b>	<b>Amount rolled over 2000/01</b>	<b>Amount received for the year</b>	<b>Amount repaid</b>	<b>Amount spent for the year</b>	<b>Balance un/overspent as at 31-March-01</b>
Netherlands Government	IT Projects	712	-	193	171	349
Canadian Government	Project Aids	-	93	-	19	73
Department for Inter- national Development	Funding of 3 posts	-	966	-	966	-
		712	1,059	193	1,156	422

<b>Value received in kind Source of foreign aid</b>	<b>Intended use</b>	<b>2001/02 R'000</b>	<b>2000/01 R'000</b>
Canadian government	Project Aids	120	40
German Development Co-operation	Technical assistance	2,031	1,170
USAID	HIV/AIDS/Impact and Assessment Project	540	483
Department for Inter- national Development	DPSA and PSC cross- cutting transformation projects	5,000	1,184
	ISPS project: Partnership with provinces: Free State, N Province, E Cape KZ Natal, Mumpalanga	22,768	3,514
European Union	Vulindlela HR Report	-	33
		30,459	6,424

**Performance information on use of assistance:**Netherlands Government: IT Projects

R6,104 was transferred to the State Information Technology Agency (SITA) to proceed with the following projects:

- Compact Disc production project
- Government-to-Government (G2G) project
- Electronic Document Management System
- Inventory of Government-wide Information Systems

Canadian Government: Project Aids

This project is aimed at creating a workplace guide on managing HIV in the work place.

Phase 1 of the project has been completed.

German Development Co-operation

The funds have been committed to technical assistance and expertise for public service reform.

During the 2000/01 financial year, the Tswelopele project was funded by GTZ by using external consultants.

The Competency Assessment project (Ndawo) was also sponsored by GTZ for the current financial year.

GTZ also contributed towards the following training:

- Promotion of Access to Information Act
- Promotion of Administrative Justice Act
- Legal drafting
- Project Management
- Thinking Tools project

US AID

The funds received from this project were utilised for the HIV/AIDS initiatives, for example, the HIV/AIDS Ndaba.

Department for International Development

The donor is funding the following projects:

- cross-cutting transformation projects (PSTSP)
- partnerships with provinces (IPSP)

**Pending applications for assistance:**

Source of assistance	Intended use	2001/02 R'000	2000/01 R'000
DANIDA	NEPAD	750	-
DIFD	IPSP	200,000	-
		<u>200,750</u>	<u>-</u>

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<http://www.dpsa.gov.za/HumanResourceDevelopment/HRDIndex.htm>(integrated human resources)

<http://www.dpsa.gov.za/projects/sms/index.htm> – (senior management service)

<http://www.dpsa.gov.za/conditionsOfService/ConditionsofServiceIndex.htm> – (integrated human resource)

<http://www.dpsa.gov.za/Remuneration/remunerationIndex.htm>– (employment practice – integrated human resources)

<http://www.dpsa.gov.za/Neg&LabourRelations/negotiations&LabourRelationIndex.htm>– ( labour relations -integrated human reosurces)

<http://www.dpsa.gov.za/LabourRelations/LabourRelationsIndex.htm>– (labour relations – integrated human resources)

<http://www.dpsa.gov.za/Job%20Evaluation/JobEvaluationIndex.htm>– (corporate management)

<http://www.dpsa.gov.za/docs/pscbc/index.htm>– (public service coordinating bargaining chamber – integrated human resources)

<http://www.dpsa.gov.za/projects/sms/index.htm> - ( senior management service )

<http://www.dpsa.gov.za/docs/regulations99/2001/index.htm> – (public service regulations – integrated human reosurces)

<http://www.dpsa.gov.za/FAQFrame.htm>– (frequently asked questions)

<http://www.dpsa.gov.za/projects/Pseta/pseta.htm>– ( pseta – hrd section)

<http://www.dpsa.gov.za/docs/handbooks/PersalBooklet.pdf> (corporate management)

<http://www.dpsa.gov.za/docs/PublicServiceAct.htm> (public service act –general overview)

<http://www.dpsa.gov.za/CORE/CoreIndex.htm> (renumeration – corporate management section)

<http://www.dpsa.gov.za/projects/ipsp/index1.htm>(ipsp under service delivery improvement)

<http://www.dpsa.gov.za/e-gov/e-govindex.htm>(egovernment)

<http://www.dpsa.gov.za/SDI%20branch/ClientServices/CSindex.htm> (client services – service delivery improvement)

[http://www.dpsa.gov.za/employmentpractice\\_cd/hiv.htm](http://www.dpsa.gov.za/employmentpractice_cd/hiv.htm) (hiv aids – integrated human resources)

<http://www.dpsa.gov.za/AntiCorruption/AntiCorruptionIndex.htm> (anti-corruption)

<http://www.dpsa.gov.za/AccessInformation/AccessInformation.htm>(access to information act )

<http://www.dpsa.gov.za/DocumentsAll/DocumentrsAll.htm> (dpsa lead documents and publications)

<http://www.dpsa.gov.za/Default.htm>(dpsa home page)