

**Presentation by the
Department
of Home Affairs to the
Portfolio Committee on the
2005/06 Annual Report
Financial statements
22 May 2007**



home affairs

Department:
Home Affairs
REPUBLIC OF SOUTH AFRICA

OVERVIEW

➤ **Presentation objective:**

Brief the Portfolio Committee on the annual financial statements of the Department as reflected in the 2005/06 annual report

➤ **Presentation areas**

- Report of the accounting officer
- Report of the Auditor-General
- Appropriation statement
- Statement of financial performance
- Statement of financial position
- Budget performance



➤ **Concluding remarks**

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Report of the accounting officer

GENERAL REVIEW OF THE STATE OF THE FINANCIAL AFFAIRS(Budget allocation)

- Original budget allocated was R2,972 billion representing a 25% increase from the 2004/05 budget.
- During the adjustment estimate period an additional R 60 million was allocated to IEC for vat adjustment purposes
- Virement was applied to attend to expenditure areas that were not funded through rollover and an additional R13 million was transferred to the Film and Publication Board.
- A request for rollover funds of R389,6million was not approved and thus the budget was overspent 1,75%(R53 million mainly on the Back Record Conversion project and goods and services that could have been catered for through rollover funds.



Report of the accounting officer

OTHER AREAS COVERED IN THE REPORT

- Services rendered by the Department
- Capacity constraints
- Utilisation of donor funds
- Trading entities and public entities
- Organisations to whom transfer payments have been made
- Public private partnership
- Corporate governance arrangements
- Discontinued activities/ activities to be discontinued
- Asset management
- Events after report date
- Performance information
- SCOPA resolutions
- Fraud and corruption



Report of the Auditor-General

AUDIT OPINION

2004/05

AG could not express an opinion and therefore a **disclaimed audit opinion** was issued to the Department

2005/06

“In my opinion, **except for** the effect on the financial statements of the matters referred to in the preceding paragraphs, **the financial statements present fairly the financial position of the Department of Home Affairs** at 31 March 2006 and the results of its operations and cash flows for the year then ended, as described in note 1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act. No. 1 of 1999)”

Improved and therefore better but not the best audit opinion. Hence our quest for an unqualified audit opinion



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Report of the Auditor-General

AREAS OF QUALIFICATION

- Cash and cash equivalents
- Departmental revenue
- Clearing and suspense accounts
- Irregular expenditure
- Government garage expenditure
- Accruals
- Commitments
- Funds to be surrendered
- Fraud and error



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Report of the Auditor-General

EMPHASIS OF MATTER

- Weaknesses in internal control
 - Department of Foreign Affairs account
 - Information System audit
 - Policies and standard operating procedures
 - Receivables and Assets
- Non-compliance with laws and regulations
 - Performance information
 - Disclosure in terms of the PFMA and Treasury Regulations
- We have attended to the issues raised by the Auditor-General in close collaboration with the Accountant



Department of Home Affairs

REPUBLIC OF SOUTH AFRICA

APPROPRIATION STATEMENT

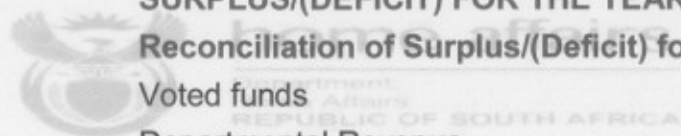
for the year ended 31 March 2006

APPROPRIATION PER PRORAMME	2005/06				2004/05	
	Final Appropriation	Actual Expenditure	Variance	Exp as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000		R'000	R'000
ADMINISTRATION						
Current payment	353 012	340 017	12 995	96,3	377 043	330 836
Transfers and Subsidies	1 194	1 184	10	99,2	3 026	2 701
Payment for Capital assets	78 159	101 232	-23 073	129,5	171 957	168 033
DELIVERY OF SERVICES						
Current payment	1 077 881	1 192 832	-114 951	110,7	846 772	874 552
Transfers and Subsidies	3 543	4 497	-954	126,9	4 838	5 217
Payment for Capital assets	471 164	399 408	71 756	84,8	356 084	32 632
AUXILIARY AND ASSOCIATED SERVICES						
Current payment	7 200	4 184	3 016	58,1	–	15 858
Transfers and Subsidies	964 221	964 220	1	100,0	533 761	533 760
Payment for Capital assets	76 087	77 889	-1 802	102,4	84 134	25 644
	3 032 461	3 085 463	-53 002	101,7	2 377 615	1 989 233
Reconciliation with Financial Performance						
Departmental receipts	237 568				239 658	
Total Revenue	3 270 029				2 617 273	
Total Expenditure		3 085 463				1 989 233

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2006

	Notes	2005/06 'R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	3 032 461	2 377 615
Departmental revenue	2	237 568	239 658
Total Revenue		3 270 029	2 617 273
EXPENDITURE			
Current expenditure			
Compensation of employees	3	717 940	648 772
Goods and Services	4	817 761	572 433
Financial Transactions	5	1 332	41
Total current expenditure		1 537 033	1 221 246
Transfers and subsidies	9	969 901	541 678
Expenditure for capital assets			
Buildings and other fix structures	7	72 555	20 094
Machinery and equipment	7	364 301	182 368
Software and intangible assets	7	141 673	23 847
Total expenditure capital assets		578 529	226 309
TOTAL EXPENDITURE		3 085 463	1 989 233
SURPLUS/(DEFICIT)		184 566	628 040
Add back unauthorised expenditure	8	99 883	-
SURPLUS/(DEFICIT) FOR THE YEAR		284 449	628 040
Reconciliation of Surplus/(Deficit) for the year			
Voted funds	12	46 881	388 382
Departmental Revenue	13	237 568	239 658
SUPLUS/(DEFICIT) FOR THE YEAR		284 449	628 040



STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2006

	Notes	2005/06 'R'000	2004/05 R'000
ASSETS			
Current assets			
Unauthorised expenditure	8	116 150	15 281
Cash and cash equivalents	9	332 030	395 861
Prepayments and advances	10	3 421	2 764
Receivables	11	25 590	28 837
TOTAL ASSETS		477 191	442 743
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	12	435 263	388 382
Departmental revenue to be surrendered to the Revenue Fund	13	13 917	12 624
Payables	14	19 032	32 781
TOTAL LIABILITIES		468 212	433 787
NET ASSETS		8 979	8 956
Represented by:			
Recoverable revenue		8 979	8 956
TOTAL		8 979	8 956



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PRESENTED PER PROGRAMME

for the year ended 31 March 2006

	2005/06				2004/05	
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Exp as % of Final Appropriation	Final Appropriation R'000	Actual Expenditure R'000
1. ADMINISTRATION	432 365	442 433	-10 068	102,3	552 026	501 570
2. DELIVERY OF SERVICES	1 552 588	1 596 737	-44 149	102,8	1 207 694	912 401
3. AUXILIARY AND ASSOCIATED SERVICES	1 047 508	1 046 293	1 215	99,9	617 895	575 262
TOTAL	3 032 461	3 085 463	-53 002	101,7	2 377 615	1 989 233

PRESENTED PER ECONOMIC CLASSIFICATION
for the year ended 31 March 2006

	2005/06				2004/05	
	Final Appropriation	Actual Expenditure	Variance	Exp as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000		R'000	R'000
CURRENT EXPENDITURE						
Compensation of Employees	782 350	717 940	64 410	91,8	705 782	648 772
Goods and Services	655 743	817 761	-162 018	124,7	518 033	572 433
Financial transactions in assets and liabilities		1 332	-1 332	–	–	41
TRANSFERS AND SUBSIDIES						
Provinces and municipalities	2 782	2 306	476	82,9	2 495	2 153
Departmental agencies and accounts	964 221	964 220	1	100,0	533 762	533 760
Households	1 955	3 375	-1 420	172,6	5 368	5 765
PAYMENT FOR CAPITAL ASSETS						
Buildings and other fixed structure	64 576	72 555	-7 979	112,4	78 493	20 094
Machinery and equipment	322 493	364 301	-41 808	113,0	451 660	182 368
Software and other intangible assets	238 341	141 673	96 668	59,4	82 022	23 847
TOTAL	3 032 461	3 085 463	-53 002	101,7	2 377 615	1 989 233

BUDGET PERFORMANCE IN SUMMARY

- Allocation R3,032 billion
- Spent R 3,085 billion
- Overspent by R53 m which is 1,75% of the budget
- Main items of overspending were: Back Record Conversion project and goods and services



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