



# Annual Financial Statements

for the year ended 31 March 2009



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

#### 1.1 General review of the state of financial affairs

##### 1.1.1 Important policy decisions and strategic issues facing the department

The department's key strategic objectives are as follows:

- Capacitating and restructuring courts
- Integrating the justice system
- Catering for vulnerable groups
- Improving the maintenance system to relieve the pressure on the courts

Effectively meeting these objectives will improve the standard of service delivery, broaden access to justice, and improve the efficiency of the criminal justice system.

##### Improving service delivery

The department aims to do the following:

- Fill critical vacancies
- Modernise the justice system services
- Reduce the backlog of cases and improve overall case flow management

Additional resources are utilised to meet the demands imposed on the criminal justice system by the high crime rate, and more general factors such as skills shortages.

Improved administrative processes and logistics and more efficient use of human resources led to noticeably higher levels of service delivery. Information technology solutions introduced at selected courts countrywide helped to resolve cases more speedily.

##### Broadening access to justice services

In order to bring court services to marginalised communities, townships and rural areas, the department is continuing to rationalise courts and redemarcate magisterial districts. The construction of new courts in townships and rural areas is continuing, and mobile courts will service remote communities until permanent facilities are built.

Crimes against women and children continue to be high on the agenda. Ongoing priorities are as follows:

- Public communication and education about services and assistance for victims of crime

- Services related to maintenance
- The Guardian's Fund
- Sexual and domestic violence
- Truth and Reconciliation Commission recommendations
- Issues affecting vulnerable groups

A Child Justice Bill implementation framework has been developed and is being reviewed by the stakeholders. The Association of Regional Magistrates of South Africa facilitated the training of approximately 250 regional court magistrates on child justice, diversion and non-custodial sanctions in serious cases. A family law learnership was finalised in 2007/08, and staff such as family advocates and counsellors are being trained on domestic violence.

##### More efficient criminal justice system

The review of the criminal justice system, endorsed by Cabinet as priority, is currently underway. The review seeks to improve the overall functioning of the criminal justice cluster, and is being conducted by the Justice Crime Prevention and Security (JCPS) Cluster, coordinated by the Deputy Minister of Justice and Constitutional Development.

Progress has been made in establishing a single coordinating and management structure for the criminal justice system at all levels, including an integrated and seamless electronic database of information relevant to the Criminal Justice Cluster.

Programmes for combating crime and strengthening South Africa's democracy will continue in partnership with the private sector, religious and traditional leaders, and civil society.

##### 1.1.2 Significant events that have taken place during the year

###### Occupation Specific Dispensation (OSD)

The Minister of Public Service and Administration issued a determination for the OSD after an agreement was concluded in the bargaining council. The agreement was signed with the provision that the Minister of Justice and Constitutional Development will extend the determination to the National Prosecuting Authority and the Legal Aid Board. The agreement came into effect on 7 February 2008 (date of signing), with payments backdated to 1 July 2007. The then Minister of Justice and Constitutional Development approved the implementation of the OSD, which included the shifting of funds within the vote and additional allocations to the Legal Aid Board.



A request for additional funding of R177 million in the Adjustment Estimate was declined. The department, through internal reprioritisation, downscaling of existing programmes and a National Treasury allocation for inflation adjustments, managed to secure funding for the implementation of Phase 1 of the OSD. The Office of the CFO and branch managers were requested to thoroughly interrogate the baseline allocations and identify possible areas of saving/underspending.

The percentage underspending represents 0.6% of the total adjusted appropriation, which is an indication of the department's commitment to curb expenditure to stay within the budget approved by Parliament.

**Increases in the compensation of judges and magistrates**

The Independent Commission for the Remuneration of Office-bearers made recommendations in October 2008 (after the Adjusted Estimate of National Expenditure for 2008/09) for the remuneration of judges and magistrates to be increased. On 21 October 2008, the President approved the salary increases payable to judges and magistrates with effect from 1 April 2008. The payment of salaries for judges and magistrates is a statutory amount and therefore a direct charge against the National Revenue Fund. National Treasury granted approval for the department to draw additional amounts from the National Revenue Fund to cover the over-expenditure of R198 685 million on the judges' and magistrates' salaries during the 2008/09 financial year. The excess of R13 million remaining at financial year-end has been recovered from the National Revenue Fund during the 2009/10 financial year.

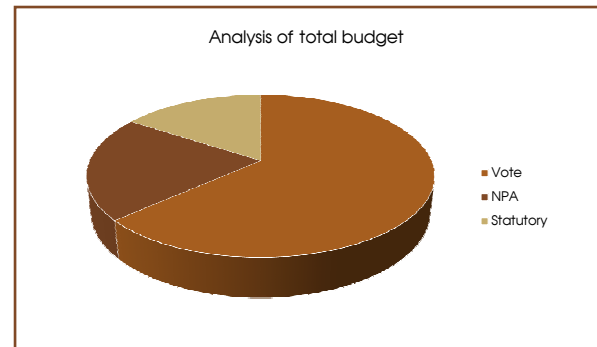
**1.1.3 Spending trends**

**Voted funds received by the department**

The budget allocated to the department (excluding statutory appropriation) amounted to R8 341 432 000. An additional amount of R174 093 000 was allocated to the department, bringing the adjusted appropriation to R8 515 525 000. Although the adjusted appropriation indicates a budget totalling R8 515 525 000 for the vote, the financial statements reflect only R6 403 716 000. The discrepancy of R2 111 809 000 is due to the fact that the amount appropriated for the National Prosecuting Authority (NPA) is reported on in the financial statements of the NPA. However, when applying the principles of virement, it is applied on the vote as a whole and not as the NPA being a separate reporting responsibility.

The NPA assumed separate responsibility for all support services previously rendered by the department with

effect from 1 April 2001. The NPA has since this date been responsible for its own accounting systems, and therefore separate financial statements have, as was the case last year, been prepared for the NPA.



A comparison between the amounts appropriated, actual expenditure incurred and the net effect of virement for the department can be illustrated as follows:

	2008/09 R'000	2007/08 R'000
Total adjusted appropriation (excluding NPA and statutory appropriation)	6 400 004	5 733 976
Amount (transferred to)/ received from NPA for virement	3 712	(56 575)
Final appropriation	6 403 716	5 677 401
<b>Less: Expenditure</b>	<b>6 362 176</b>	<b>5 513 497</b>
Saving/Underspending	41 540	163 904
Percentage underspending	0.6%	2.9%

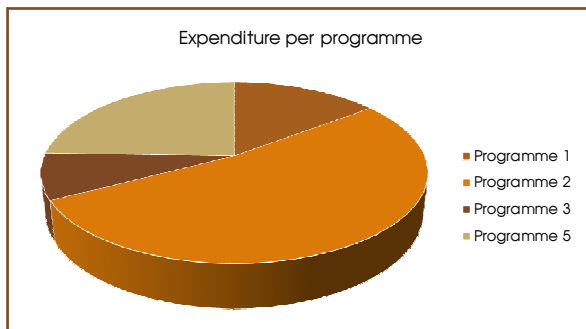
The expenditure incurred by the department was R6 362 176 000 and against the final appropriated amount for the year of R6 403 716 000 leaving the department with an underspending of R41.5 million, 0.6 % of the final appropriated amount.

The implementation of the Occupational Specific Dispensation (OSD) for legally qualified personnel resulted in the programmes for Court Services (Programme 2) and State Legal Services (Programme 3) being the programmes with the highest over-expenditure. The underspending of the department is the direct result of deliberate cuts in operational expenditure, curtailment of unplanned acquisition of goods and services and the non-filling of vacant posts. This was done to fund the implementation of the OSD.



The underspending of the department was on the following items:

Item	R'000
Goods and services	11 526
Transfers and subsidies	1 417
Other current expenditure	3
Payment for capital assets	28 594
<b>Total saving</b>	<b>41 540</b>



#### Virement

The following virements were approved between programmes.

- A portion of the saving on goods and services was utilised to increase the compensation of employee budget by R1 984 million.
- A portion of the saving on the transfer to the Legal Aid Board was utilised to fund the excess of expenditure of R4 892 million incurred for the transfer of households.

#### Statutory appropriation (judges' and magistrates' salaries and allowances)

	2008/09 R'000	2007/08 R'000
Total amount appropriated	1 389 329	1 266 518
<i>Plus:</i> Additional allocation	198 685	-
	1 588 014	1 266 518
<i>Less:</i> Expenditure	1 601 091	1 184 527
<b>Saving/(Overspending)</b>	<b>(13 077)</b>	<b>81 991</b>

#### Revenue

	2008/09 R'000	2007/08 R'000
Opening balance	14 426	4 770
Revenue generated	352 511	312 434
<b>Total revenue generated</b>	<b>366 937</b>	<b>317 204</b>
<i>Less:</i> Revenue paid to Revenue Fund	343 806	302 778
<b>Surplus to be surrendered to Revenue Fund</b>	<b>23 131</b>	<b>14 426</b>



Some 77% (2007/08: 76%) of the disclosed revenue constitutes money received in the Third Party Funds (TPF) bank accounts administered by the department (formerly referred to as Monies in Trust) and paid into the department's Paymaster-General Account for transfer to the National Revenue Fund.

A legal opinion and research on practices internationally indicated that monies received from the TPF do not necessarily constitute departmental revenue. The department therefore continued with its endeavours in order to get clarity on the uncertainty whether monies received by the TPF on behalf of the state should be paid to the vote account and be regarded as departmental revenue. The department engaged in several meetings with National Treasury (NT) regarding the approach, and although it was initially envisaged that the revenue from the TPF would be paid directly to the National Revenue Fund (NRF), the NT, in a letter dated 27 July 2009, indicated that if money is due to the state, then this money will flow to the NRF through the books of the relevant departments. The department is in the process to investigate the practical implication of the ruling, as well as the impact of this on the vote account of the department.

## 1.2 Services rendered by the department

### 1.2.1 Tariff policy

The department's services and related charges are all fixed by law and the Chief Directorate: Legislative Development is responsible for the promulgation of certain subordinate legislation administered by the department in terms of which fees, charges, rates, scales or tariffs of fees are prescribed and reviewed on a regular basis.

### 1.2.2 Free services

- Administration of Third Party Funds (Monies in Trust) is currently being done free of charge. Should a fee be charged, it would yield significant revenue.
- Small Claims Court: The presiding officer is normally a lawyer or retired magistrate.
- Law lecturers render a free service at magistrate's courts.
- A number of free services relating to activities in the master's offices include the following:
  - Estate duty taxation
  - Administration services
  - Archive services
  - Inspection services
  - Guardian's Fund

- Various legal and financial services are rendered by the department on behalf of other government departments (all spheres of government) in terms of the cooperative requirements of the Constitution of South Africa. Legal services include scrutiny of international agreements, including extradition agreements, scrutiny of draft subordinate legislation, writing of legal opinions, and secondment of staff on a part-time basis to assist other departments.
- Transcription records are provided free of charge to litigants for purposes of challenging the outcome of cases. Should a fee be charged, it would yield significant revenue.
- Legal advice, counselling and mediation services are offered at family courts by family advocates, family counsellors, and maintenance investigators.

### 1.2.3 Inventories

The Inventory Management Policy was revised and, as a result, the number of stores in the department over the last financial year was reduced from 86 to 11 formal stores. The inventory on hand at the magistrate's offices is not material in quantity and/or value and is regarded as issued stock and therefore not regarded as formal stores.

Inventory on hand for the formal stores nationally (mainly stationary):

	Total R'000
National Office	644
Regional Office: Gauteng	256
Regional Office: Western Cape	123
Regional Office: KwaZulu-Natal	619
Regional Office: Free State	28
Regional Office: Limpopo	4
Regional Office: Mpumalanga	3
Regional Office: Northern Cape	252
Regional Office: Eastern Cape	419
Regional Office: North West	134
Constitutional Court	384
<b>Total</b>	<b>2 866</b>

## 1.3 Capacity constraints

The vacancy rate has decreased to 13.6% during the financial year under review. Skills shortages, covering a broad spectrum of specialisation in the various areas, have however continued to affect the department's operations and have affected the service delivery capacity of the department.



The department had to continue outsourcing services to consultants/contractors to assist with the roll-out of projects. Hence, much reliance was placed on temporary staff, contractors and consultants for the continuation of projects, as well as the day-to-day operations of the department.

A number of new posts have also been created during the financial year under review in an effort to improve service delivery and address skills shortages.

### 1.4 Utilisation of donor funds

Apart from voted funds, the department also depends on donor funding to fund some of its core projects. These funds are normally utilised for once-off projects or for projects that will eventually be funded through the budget allocation/baseline. The intention is to ensure that projects become sustainable after donor funding is withdrawn or has come to an end.

	2008/09 R'000	2007/08 R'000
Assistance rolled over from previous year	14 514	37 543
Grants received during the financial year	1 100	39 340
<b>Total amount received</b>	<b>15 614</b>	<b>76 883</b>
<i>Less:</i> Expenditure	2 793	62 369
<b>Closing balance</b>	<b>12 821</b>	<b>14 514</b>

*The following donor-funded projects have been implemented in the department during the reporting period*

Project	Donor	Project objectives and strategic support to department	Status
E-Justice Programme	European Commission and The Royal Netherlands Embassy	Enhancing organisational efficiency by providing business solutions using IT as enabler.	The final evaluation report indicates that the introduction of information systems is with no doubt a highly significant contribution towards increased efficiency and transparency in the public sector. It brings about changes in enhancing economic performance, increasing government's accountability and strengthening civil society capacity to monitor government achievements. This is particular valid for the judicial sector in South Africa, where its effectiveness is a key factor for the improvement of citizens' lives and their confidence in government. Well managed court records are the means by which citizens and organisations are able to enforce their rights, and they support accountability by making the judiciary more transparent.



Project	Donor	Project objectives and strategic support to department	Status
Integrated Administration of Deceased Estates (IADE)	The Government of Ireland (Irish Aid)	Facilitating accessible deceased and insolvent estate services	<p>The business objectives achieved in the development of the Integrated Case Management System (ICMS) and Integration of the Administration of Deceased Estates (IADE) System, inter alia, include:</p> <ul style="list-style-type: none"> <li>• Increased operational efficiency and communication infrastructure, making it easier to drive change in the master's offices</li> <li>• Improved quality of management information, ensuring that the Master's Branch has a centralised view of all its offices by identifying trends and problems within the branch through the provision of management information reports</li> <li>• Improved customer service</li> <li>• Possible reduction in corruption and fraud with regard to the administration of deceased estates</li> </ul> <p>The aforementioned has been achieved through participation in the project by all stakeholders, seamless integration with other systems, the implementation of standardised processes at all offices, appropriate change management and adequate infrastructure.</p> <p>Phase 1 of the Irish contribution to the ICMS Masters solution is complete and proposals for the enhancement of the phase are currently underway.</p>
Building capacity in the field of children and the law	Sweden (Sida)	Access to justice with focus on children and the law.	<p>A final report on the utilisation of the Swedish funding was forwarded to the donor during April 2009. The following achievements are highlighted in the report:</p> <ul style="list-style-type: none"> <li>• National and provincial child justice fora as monitoring structures work well, are sustainable and are addressing children's issues.</li> <li>• Good intersectoral coordination with regard to child justice matters has been established.</li> <li>• The number of children awaiting trial in correctional facilities has been halved, while the number of children awaiting trial in secure care has doubled.</li> <li>• Various clauses of the Child Justice Bill were piloted successfully.</li> <li>• Two one-stop child justice centres were established and are working well.</li> <li>• The concept of restorative justice central to the Child Justice Bill and system was mainstreamed.</li> <li>• Eighty seven percent of children appearing before courts in criminal matters are represented by the Legal Aid Board.</li> </ul> <p>No receipts were received and no expenditure was incurred during the financial year.</p>





Project	Donor	Project objectives and strategic support to department	Status
Promotion of Administrative Justice Act (PAJA), 2000 (Act No 3 of 2000)	Germany (GTZ)	Access to justice for all implementation of the Promotion of Administrative Justice Act, 2000 (Act No 3 of 2000)	Training of departments on the implementation of the Act is ongoing.  No receipts were received and no expenditure was incurred during the financial year.
The National Action Plan to Re-engineer Small Claims Courts	Government of the Swiss Confederation	Promote access to justice for all, especially the vulnerable groups	The Small Claims Court Project has been established to assist the Directorate: Victim Support and Specialised Court Services with the development of training manuals for commissioners and court officials, as well as to provide for their training, particularly training for commissioners.  The process of developing a manual is underway and it is envisaged that it will be finalised in June 2009. Training of commissioners will start in the 2009/10 financial year. The training for court officials that is offered by the Justice College is continuing on an ongoing basis.

**1.5 Trading entities and public entities**

**1.5.1 Trading entities**

None.

**1.5.2 Public entities**

**Special Investigating Unit**

The Special Investigating Unit was established in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No 74 of 1996), and investigates cases referred to it by the President. The unit provides professional forensic investigating and litigation services to all state institutions at national, provincial and local level to combat maladministration, corruption and fraud, and to protect state assets and public money.

**Legal Aid Board**

The Legal Aid Board was established in terms of the Legal Aid Act, 1969 (Act No 22 of 1969), to provide legal aid to indigent people and legal representation at state expense to people entitled in terms of the Constitution. The board provides services in all regional, district and high courts through its extended network. Its role is to provide legal aid in an independent manner, with the intention of enhancing justice and public confidence in the law and administration of justice.

**1.5.3 Constitutional institutions**

**Commission on Gender Equality**

The Commission on Gender Equality is an independent statutory body established in terms of Chapter 9 of the Constitution of the Republic of South Africa, 1996. The powers and functions of the commission are further detailed in the Commission on Gender Equality Act, 1996 (Act No 39 of 1996), and its specific mandate is to advance gender equality in all spheres of society and make recommendations and any legislation affecting the status of women.

**South African Human Rights Commission**

The Human Rights Commission is an independent statutory body established in terms of Chapter 9 of the Constitution of the Republic of South Africa, 1996. The powers and functions of the Commission are further detailed in the Human Rights Commission Act, 1994 (Act No 54 of 1994). The commission's specific mandate is to support constitutional democracy by promoting and protecting human rights. It raises awareness on human rights, monitors and assesses the observance of human rights, provides education and training on human rights, and addresses human rights violations and seeks effective redress.

**Public Protector**

The Office of the Public Protector is an institution established in terms of Chapter 9 of the Constitution of the Republic of South Africa, 1996, to strengthen constitutional



democracy. Its additional mandate is provided for in the Public Protector Act, 1994 (Act No 23 of 1994), as amended. The core business of the Public Protector is to investigate any conduct in state affairs or in public administration in any sphere of government that is alleged or suspected to be improper or to result in impropriety or prejudice, and to mediate, negotiate, conciliate, report and recommend remedial action.

#### 1.5.4 Other funds

##### President's Fund

The President's Fund was established in terms of section 42 of the Promotion of National Unity Reconciliation Act, 1995 (Act No 34 of 1995). Parliament approved compensation to victims on the recommendations of the President and subsequent recommendations of the ad hoc committee of both houses of Parliament on the tabling of the last two volumes of the Truth and Reconciliation Commission (TRC) Report.

##### Guardian's Fund

The primary responsibility of the Guardian's Fund is to receive monies due on behalf of persons deemed legally incapable or lacking the capacity to manage their own affairs. The obligation is a very serious one, especially as the bulk of people falling in this category are orphans and mentally incapacitated people, ie some of the most vulnerable groups in society.

##### Third Party Funds

In order to give assistance to the courts (judiciary) in a structured manner, the department established a vehicle known as Third Party Funds (TPF) that acts as a conduit for the decisions (with financial implications) taken by the judiciary. These decisions, inter alia, necessitate the receipt of funds and the later payment of these funds to third parties depending on the circumstances. The department maintains a separate set of financial statements for TPF.

##### National Prosecuting Authority/Criminal Asset Recovery Account (NPA/CARA)

The NPA assumed responsibility for all support services previously rendered by the department with effect from April 2001 (refer to paragraph 1.1.3 of this report). The Criminal Asset Recovery Account (CARA) that was established by section 63 of the Prevention of Organised Crime Act, 1988 (Act 121 of 1988), is currently located within the Finance and Procurement Division of the NPA. The purpose of CARA is to hold forfeited monies and property before they can be distributed to defined beneficiaries.

### 1.6 Organisations to whom transfer payments have been made

In terms of the PFMA, the accounting officer has certain responsibilities prior to the transfer of funds to a public entity, which are as follows:

- Section 38(i)(j) requires a written assurance from the entity that effective, efficient and transparent financial management and internal controls are implemented prior to the transfer of funds. Written assurance was obtained. The content of the assurance was verified against the 2007/08 audit results and internal audit findings for 2007/08.
- National Treasury Regulation 26.1 and 30.2.1 further require quarterly reporting by entities. Quarterly reporting was a prerequisite for continued transfer of funds to the public entities.
- According to section 38(i)(j), the lack of assurance by public entities puts a responsibility on the transferring department by introducing condition of the transfer, and follow-up of these conditions. If continuous non-compliance with conditions is identified, the transferring department has the remedy to withhold transfer payment.

The accounting officer's responsibilities were executed for the 2008/09 financial year and there was no need to withhold the transfer payment from the public entities

The following amounts were transferred to the public entities under the control of the department:

Name of institution	Amount R'000
Special Investigating Unit	116 297
Legal Aid Board	838 120

Section 38(i)(j) is not applicable to the Constitutional Institutions and therefore the controls by the department as per the PFMA and Treasury Regulation cannot be enforced.

These Constitutional institutions obtained their independence from section 181(2) of the Constitution. In terms of section 181(5) of the Constitution, these Constitutional institutions are accountable to the National Assembly.



The following amounts were transferred to the Constitutional institutions:

Name of institution	Amount R'000
Commission on Gender Equality	46 193*
South African Human Rights Commission	60 603
Public Protector	86 475
Represented Political Parties Fund (Independent Electoral Commission)	88 187

- \* The findings of the AGSA on the Commission on Gender Equality for 2007/08 identified a breakdown of financial management, lack of appropriate financial management capacity, and lack of effective policies and procedures with no or limited evidence of financial controls. Technical assistance was provided by the department to the commission in this regard.

### 1.7 Public Private Partnerships (PPP)

**Third Party Funds (formerly known as Management of Monies in Trust) (bail, maintenance, court fines, payments into court, estates, Guardian's Fund, etc)**

The department has a turnover of more than R2 billion in Third Party Funds (excluding the Guardian's Fund) per annum through its cash halls at magistrate's offices. The consolidated national bank balance as at 31 March 2009 amounted to R557 million.

Furthermore, the Guardian's Fund has a turnover of more than R440 million. The consolidated bank accounts of the fund amounts to R45 million, while a further R5 billion is managed on investments.

The Third Party Funds (TPF) Public Private Partnership (PPP) process has reached its final stages. The TPF PPP actively seeks to remove all or most cash handling from courts, transferring the risk attached thereto to a private party (PP). The PP will, in short, be responsible, for the partnership period, for financial management (receipts, payments, record-keeping and financial reporting) and the provision of a front-end financial administrative system, while the department will remain responsible for all the administrative and legal duties attached to the management of TPF.

With reference to paragraph 7.2 on pages 106 to 107 of the previous annual report, it is reported that National Treasury granted TA2A approval on 1 April 2008, and that the RfBAFO was issued on the same day. Bids were received on 14 April 2008. After approval of the project governance structure and tender evaluation

criteria, evaluation proceeded on 12 May 2008 and was finalised on 26 June 2008.

After bidder clarifications were received, the bid selection committee recommended a preferred and reserve bidder to the Director-General. The Director-General approved the request for TA2B from National Treasury on 18 December 2008 and National Treasury provided such approval on 29 January 2009. The preferred and reserve bidders were informed of their status on 26 March 2009. An engagement meeting was held with the preferred bidder on 3 April 2009 and contract negotiations are currently underway and it is estimated to be finalised by 30 September 2009, after which TA3 approval will be requested.

### 1.8 Corporate governance arrangements

The principles of conducting the service delivery activities with integrity and according to sound governance practices are engrained at the department. The accounting officer is responsible for the good governance of the department. The governance structures are reviewed regularly to incorporate changes and developments in the department and in the public sector.

#### 1.8.1 Powers, roles and responsibilities of Exco members

The Deputy Directors-General, the Chief Operations Officer and the Chief Financial Officer of the department are the members of an Executive Committee (EXCO) that is chaired by the accounting officer. The powers, roles and responsibilities of EXCO members are derived from the following:

- The Public Finance and Management Act, 1999 (Act 1 of 1999) (PFMA), encompassing the National Treasury Regulations
- The Protocol on Corporate Governance in the Public Sector
- The King III report on Corporate Governance

The skills and experience of the Exco members are appropriate to the strategic direction of the department and necessary to secure its sound performance.

#### Enterprise-wide Risk Management Strategy

The departmental Executive Committee (Exco) take cognisance of the fact that the control environment enhances the tone of risk management and provides the necessary discipline and structure for the same. This control environment is the foundation for all other components of risk management and internal control in the department. In the department this includes factors



such as the delegation of authority and responsibility, ethical values, integrity, organisational structure and culture, management's philosophy and operating style, development and competence of people, as well as the intention and direction provided by the Exco.

The Exco members are also responsible for the effective and efficient implementation of the risk management policy and strategy in the department at all levels. The department views enterprise-wide risk management as a management function that is strategically employed to ensure that objectives set by the department are met. The Exco has provided leadership to the department within a framework of prudent and effective controls that enable risks to be assessed and managed. The internal and external assurance bodies review the efficacy of enterprise-wide risk management regularly. The department was assessed by National Treasury to be at level 3 (control level) of risk maturity. This implies that the department has gone through level 1 and level 2, which are the start-up and development levels respectively.

Appropriate governance structures are necessary to facilitate the activities of enterprise-wide risk management. The Exco is accountable for the processes of risk management, and the Audit Committee also fulfils the role of Risk Management Committee. As part of systematic thinking, an integrated approach and corporate governance the Chief Directorate: Risk Management is in the process of incorporating all the elements of quality, anti-fraud and corruption and risk management into one committee. During the year under review, risk profiles for various units and regions were developed. Risk assessments for strategic projects like the 2010 FIFA World Cup were also conducted and reported on. In line with the PFMA, the processes of risk management also include the identification of fraud and corruption risks and risk contributing factors with a view to introduce proper mitigation strategies. In certain areas, the review of risk profiles were conducted in order to ensure that the risk plans developed were implemented, and to identify further risks and opportunities for continuous improvement, where possible. The unit continues to work closely with management in order to identify inherent risks and improve the system of internal control.

Other activities that relate to the Chief Directorate: Risk Management have been outlined below and incorporated in the sections of the annual report that deal with programme performance.

#### Anti-Fraud and Corruption Strategy

Management is ultimately responsible in terms of section 38 of the PFMA to ensure that proper controls are in place

to prevent and detect fraudulent and irregular activities. In line with the Public Sector Anti-Corruption Strategy, which was approved by Cabinet in 2002 and which emphasises the comprehensive fraud and corruption prevention measures as the first line of defence against corruption, the department has continued to implement its approved fraud and corruption plan in its quest to prevent and detect acts of fraud, corruption and other irregularities.

During the year under review, the department has ensured full compliance with the Minimum Anti-Corruption Capacity (MACC) requirements, as approved by Cabinet in September 2003. The MACC requirements specifically direct that, in order to fight corruption in departments and public entities, each accounting officer must do the following in his or her department:

- Specifically focus on and analyse corruption risk as part of the risk assessment required in terms of the PFMA
- Implement fraud plans required in terms of the PFMA to specifically address the corruption risk
- Verify the previous employment, qualifications, citizenship and criminal record of all persons before they are employed

During the year under review, the department has continued to popularise the National Anti-Corruption Hotline (0800 701 701). The Exco has increased capacity to investigate allegations, and institute and conclude disciplinary action for cases of corruption. The Fraud and Corruption Prevention Subdirectorate in the Directorate: Integrity Management has been established to ensure that all the preventative mechanisms are put in place. The internal Fraud and Corruption Communication Strategy was developed and approved. The implementation of this communication strategy has been characterised by the following:

- Training and awareness campaigns on fraud and corruption
- Articles on fraud and corruption in the *Justice Today* newsletter
- Communication on DJINI (intranet)
- Distribution of pamphlets, posters, booklets and any other materials that promotes awareness among employees
- The UN International Anti-corruption Day was celebrated on 9 December 2008
- The financial disclosures for the SMS members reached 100% in the 2008/09 financial year. A concerted effort had been made in this regard, as alignment in terms of the Minimum Anti-Corruption Capacity requirements has been gradually and actively implemented in the department.



As indicated in the section above, the fraud and corruption risk assessments were conducted. These risk assessments have paved a way for the review of the current Fraud and Corruption Plan.

As part of the roll-out of the National Vetting Strategy by the National Intelligence Agency (NIA), the department has entered into a memorandum of understanding (MoU) with the NIA for security vetting of the department's personnel. The MoU was signed by the Directors-General of the NIA and the DoJ&CD, and the job evaluation guidelines by the Department of Public Service and Administration (DPSA) have been adopted and approved by the Director-General.

The MoU sets the tone for the establishment of the Vetting Fieldwork Unit (VFU) and will serve as a NIA delegation of its vetting mandate to the department so as to reduce the vetting backlog. The three vacant vetting fieldwork positions have been filled.

The Project Kgaolo is intended to ensure the education of employees on matters relating to security vetting, fraud and corruption prevention, and is ongoing. The awareness project is characterised by the following:

- Presentations on the role of vetting in the fight against fraud and corruption
- The legal framework supporting the fight against fraud and corruption
- Encouraging employees to come forward and report any suspected incidences of fraud and corruption
- The completion of vetting application forms

Visits to seven regions and most offices in each regional responsibility have been completed. The visits to other outstanding offices in other regions will be completed during the 2009/10 financial year.

Project Kgaolo is very successful and the submission of security clearance applications has improved drastically. This will go a long way in reducing the vetting backlog the department has at the moment.

The Vetting and Personnel Suitability Check policies had been developed and discussed with all stakeholders, circulated internally for inputs and are now in the process of being approved. The Human Resources Recruitment Unit has been involved in a discussion on the implementation of this pre-employment screening. This procedure is intended to proactively ensure that the department only employs people who are not susceptible to bribery and/or fraud and corruption.

### Business Continuity Management

In line with the National Disaster Risk Management Framework and good corporate governance principles,

Exco takes the responsibility for this process. Hence, structures have been instituted in the chief directorates of Risk Management and Information Systems Management in order to ensure its implementation. A documented process that will allow the department to continue its critical service delivery processes, including network operations in the event of a disastrous incident impacting various activities, is currently being developed. In consultation with all relevant stakeholders, this will allow the department to have a comprehensive and tested Business Continuity Plan in the near future.

### 1.8.2 Internal Audit Unit and Audit Committee

The department's Internal Audit Unit operates in accordance with the PFMA, Treasury Regulations and the Internal Audit Charter. The unit also conducts its operations in accordance with the internal standards for the professional practice of internal auditing issued by the Institute of Internal Auditors, and under the direction of the Audit Committee. The National Prosecuting Authority's Internal Audit Unit had been integrated into the department's Internal Audit Unit, and internal auditing activities are performed on an integrated basis.

The Internal Audit Unit focuses mainly on providing assurances and advice to management and the Audit Committee on matters pertaining to governance, risk management and control processes, and the unit, through its Chief Audit Executive, reports to the Audit Committee on a quarterly basis.

The Audit Committee comprises members drawn from outside the public service and conducts its business in accordance with the PFMA, Treasury Regulations and the Audit Committee Charter. The Audit Committee meets regularly and has unrestricted access to information and personnel within the department.

### 1.9 Discontinued activities/activities to be discontinued

The department has abolished the use of revenue stamps on court documents and trust instruments with effect from 1 April 2009. This is in accordance with the Abolition of the Stamp Duty Act, 1968 (Act No 77 of 1968), by the South African Revenue Service as part of the ongoing efforts to reduce the administrative burden on taxpayers and to simplify the tax system.

Fees prescribed in the Regulations to the Promotion of Access to Information Act, 2000 (Act No 2 of 2000), are not affected and can in future be paid in cash at our offices nationwide.



### 1.10 New/proposed activities

None.

### 1.11 Asset management

With reference to paragraph 11 on page 108 of the previous report, it was reported that the department embarked on an asset management turnaround project. The project is completed and all locations were subjected to a physical asset verification process. However, the nature of the project and magnitude of this project in the diverse environment of the department had its challenges. Quarterly verifications during the 2009/10 financial year will iron out all possible gaps that may still exist to ensure the completeness of the asset register, so that the existence of assets can easily be verified.

The Auditor-General of South Africa (AGSA) qualified the Audit Report of the department to Parliament by indicating that significant errors relating to the completeness of capital and minor assets and the existence of certain capital and minor assets were still identified. The qualification is regarded as serious, but must be seen in the light of the diverse environment of the department and the value of its assets. The value of the assets of the department is in excess of R1 billion and even a relatively low error rate is regarded as material by the auditors. Subsequent efforts to clear the findings raised by the auditors indicated that the majority of the assets indeed existed, but could not be located because of gaps in the asset register that can, inter alia, be attributed to temporary barcodes that were used during the project.

The challenge for the department is to resolve the unverified assets that resulted from the verification process, which are disclosed as part of the adjustments in note 32. However, the cost-effectiveness of launching into yet another exercise trying to locate, identify and value the unverified assets must be determined. Unverified assets do not necessarily represent the loss of assets. A major contributing factor is the result of previous improper record-keeping practices, reflecting duplicate assets that are now regarded as unverified as the assets never existed. It will be more prudent to write off these unverified items, and if unverified assets are found, consider it as gains.

Distilled to its essence, the department operates towards a strategic approach to managing assets. Regions are increasingly taking responsibility for the management of assets, and support the initiatives taken to address

shortcomings. This aligns with the overall key objective to ensure that all assets are accounted for in order to ensure the efficient and effective management of assets.

The department faces many challenges in ensuring effective asset management, but is committed to address all the gaps in order to produce an acceptable asset register that reconciles with the financial statements. These challenges, inter alia, include the following:

- **Skills:** The identification and sourcing of appropriate skills remains a priority in the department
- **Culture:** Compliance to circulars and other prescripts issued remains a concern
- **Geographical spread/footprint:** The department is faced with the reality to control assets in a decentralised environment. There are currently approximately 750 sites where assets need to be controlled and verified

The success of the department's asset management process lies in that all assets purchased are captured on the fixed asset register. A key strategic imperative is to drive the monthly reconciliation process from the BAS expenditure to the JYP asset register and vice versa. The intention is for these monthly reconciliations to be a decentralised process per office, a function that will be implemented in due course.

The quarterly asset verification process per province will be supported by further initiatives such as the allocation and distribution of scanners to aid in the physical verification of assets.

#### Fair value of assets (2005/06 financial year)

A contributing factor for qualifying the audit opinion on the financial statements for the department was the fact that assets were disclosed at fair value for 2005/06 and years prior to that financial year. The department entered into discussions with the Accountant-General in order to agree on an acceptable process to address the findings raised by the AGSA. It was agreed with the Accountant-General that it would be acceptable if the assets disclosed for 2005/06 at fair value be adjusted to reflect the cost of these assets. Adjusting the fair value back to cost involved the matching of invoices against the assets in order to determine the original cost and compared to the current value on the fixed asset register. This matter has been successfully corrected during the year under review.

### 1.12 Events after the reporting date

None.



### 1.13 Performance information

Section 40(3)(a) of the PFMA requires the department to report on its performance against predetermined objectives.

The information relating to the performance against predetermined objectives is subject to audit by the AGSA in terms of section 20(2)(c) of the Public Audit Act, 2004 (Act No 25 of 2004) (PAA). Section 13 of the PAA requires the AGSA to determine the standards to be applied in performing such audits. The AGSA has adopted a phased-in approach for compliance with the relevant section of the PAA until such time as the necessary standards have been determined and the environment promotes a state of readiness for providing assurance.

To improve performance reporting and measurement, the Strategy Unit's activities have been documented to detail performance measurement cycles and quarterly reporting time frames.

A tool on the Medium-term Strategic Framework, key performance indicators (KPI), has been developed in collaboration with branches. The tool is designed to monitor the progress on the implementation of the Medium-term Strategic Framework by analysing delivery of targets.

### 1.14 SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
<p>Twenty second report of SCOPA adopted by the National Assembly on 21 November 2007: Paragraph 4.1 of the Report of the AGSA for 2005/06: SCOPA recommended the following:</p> <ul style="list-style-type: none"> <li>Adequate accounting and financial systems should be developed for the Monies in Trust accounts.</li> <li>The Monies in Trust financial management system should be improved to ensure that the AGSA will be able to verify the completeness and accuracy of receivables at year-end.</li> </ul>	Third-party Funds	The department continued with its endeavours to resolve the uncertainties with regard to the accounting and legal framework governing the funds. The National Treasury, in a letter dated 13 May 2008, confirmed the principle of a separate entity by suggesting the establishment of a trust. The department is faced with the dilemma that there is currently no legislation enabling it to establish a trust. The department had several discussions with the relevant role-players in an effort not to engage in the tedious process to amend legislation.
<p>Sixth report of SCOPA adopted by the National Assembly on 19 February 2008:</p> <ul style="list-style-type: none"> <li>In paragraph 1 of the Report of the AGSA: SCOPA recommended that the issues on how to account for TPF monies, as indicated in National Treasury letter of 15 August 2007, are addressed as a matter of urgency.</li> </ul>	Governance Arrangements Third-party Funds	The implementation of the TPF PPP will reduce the volume of transactions (cash handling) of Third Party Funds in offices and will assist in stabilising transactions for Third Party Funds. The Director-General approved the request for TA2B from National Treasury on 18 December 2008, and National Treasury granted such approval on 29 January 2009. The preferred and reserve bidders were informed of their status on 26 March 2009. An engagement meeting was held with the preferred bidder on 3 April 2009 and contract negotiations are currently underway (see paragraph 7 on TPF PPP).



Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
<p>Sixth report of SCOPA adopted by the National Assembly on 19 February 2008:</p> <ul style="list-style-type: none"> <li>The AGSA reported that the vacancy rate in the department increased from 20% in 2005/06 to 23% in 2006/07: SCOPA recommended that the department ensure that critical positions are filled and disciplinary actions are taken against employees whose negligence are proven</li> </ul>	<p>Capacity or people-related issues</p>	<p>The department embarked on a vigorous recruitment process to fill all vacant posts. The turnaround time to fill positions has been reduced from four to six months to three months. In addition, the audit of the establishment, the decentralisation of the recruitment process to regional offices and continuous monitoring and reporting on vacancies by Human Resources contributed to a reduction in the vacancy rate of 13.6% during the year under review.</p>
<p>Seventh report of SCOPA adopted by the National Assembly on 19 February 2008:</p> <ul style="list-style-type: none"> <li>The AGSA reported that lack of planning led to non-compliance with the Supply Chain Management Policy and Treasury Regulations: SCOPA recommended that the accounting officer ensure that tender procedures are followed well in advance, before the expiry of current contracts.</li> <li>The AGSA reported that there were inadequate internal controls to ensure that bid documents were factually correct, and as a result bids had to be cancelled: SCOPA recommended that bid documents be thoroughly checked for factual correctness by the relevant officials and that they comply with relevant legislation.</li> <li>The AGSA reported that in five provinces, the service providers that obtained the highest points were not appointed and no justifiable reason for this was recorded: SCOPA recommended that the accounting officer ensure that contracts are awarded to service providers as stipulated in legislation and policies.</li> <li>The AGSA reported that it could not be confirmed whether members of the departmental bid committee had filed the declaration of interest forms: SCOPA recommended that the accounting officer ensure that members of the departmental bid committee declare their interest as prescribed.</li> <li>In conclusion SCOPA further recommended the following:             <ol style="list-style-type: none"> <li>That the problems highlighted by the AGSA be addressed urgently</li> </ol> </li> </ul>	<p>Supply Chain Management (Procurement)</p>	<p><b>Resolution 1 to 4:</b> Supply chain management (SCM) is a specialised field, and an appropriate organisational/staffing structure to deal with the challenges is receiving urgent attention. Therefore the filling of posts with the appropriate staff is dependent on finalising the matter.</p> <p>Standardised policies and procedures (SCM Policy and Procedure Manual) were developed to ensure consistency and compliance of implementation in the department's decentralised financial management environment. An implementation plan was developed in order to ensure the smooth and appropriate implementation of the manual at all levels of the department. The plan includes the key elements relating to the establishment of various committees, such as evaluation (DBEC), adjudication (DBAC), the regional control committee (RCC) and disposal committees. The plan further addresses systems of risk management, cross-functional teams for demand management and various training initiatives.</p> <p>Progress is being made with the implementation of the plan. Insofar as it relates to procurement (tender processes), the manual, inter alia, contains controls on the following: contract management, record-keeping, reporting and performance measurement, evaluation, acquisition management and the adjudication/awarding of quotations and bids.</p> <p>Training initiatives for all role-players in the supply chain management process are ongoing.</p>





Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
<p>b. That the department report back to Parliament within 60 days of the adoption of this resolution by the National Assembly on the progress made with identified issues</p> <p>(i) That the Chief Financial Officer address the supply chain management problems and that actions be initiated against responsible staff and suppliers</p> <p>(ii) That disciplinary measures be taken against officials who were charged or found guilty of misconduct for awarding contracts to service providers that did not qualify</p> <p>(iii) That instances of fruitless and wasteful expenditure due to bids being cancelled be dealt with</p>	<p>Supply Chain Management (Procurement) (continued)</p>	<p><b>Resolution 5 of the report (conclusion)</b></p> <p><b>Paragraph a</b> The responses given with regard to resolutions 1 to 4 above are applicable.</p> <p><b>Paragraph b</b> The responses given with regard to resolutions 1 to 4 above are applicable. In addition to the above, responses please note the following:</p> <p><b>(i) Outcome of disciplinary processes (staff)</b> The report was forwarded to the relevant officials on 27 August 2007 and they were granted the opportunity in terms of the rules of administrative justice to comment on the negative remarks in the report and to provide reasons as to why formal misconduct steps should not be considered against them. The responses were evaluated and forwarded to the Section: Labour Relations for input. The department is of the opinion that inconsistencies were not as a result of any deliberate attempts to circumvent systems or regulations, but a result of genuine human errors.</p> <p><b>(ii) Restrictive horizontal practices</b> The issue of restrictive horizontal practices was referred to the Competition Commission and is still under investigation by them.</p> <p><b>(iii) Fruitless and wasteful expenditure due to bids being cancelled</b> The actual cost incurred relates to the notice in the Government Gazette that amounts to R79 and is not regarded as material. Wasteful and/or fruitless expenditure as a result of hours utilised (manpower) cannot be determined, as time utilised on the task was not recorded separately.</p>

**1.15 Prior modifications to audit reports**

As was the case in previous years, audit action plans were compiled by the Office of the CFO for the national office and regions. These action plans are based on the template received from National Treasury, and action steps were developed for all the findings raised by the AGSA. The actions were approved by the accounting officer and were circulated under his signature. Monthly reports on the progress with audit action plans were submitted. In addition, the CFO monitored the progress, and reported it to the accounting officer and the Audit Committee.

**1.16 Exemptions and deviations received from the National Treasury**

None.

**1.17 Other**

**1.17.1 Third Party Funds**

The department, as an organ of the state, through legislative and other measures, assists and protects the courts to ensure the independence, impartiality, dignity, accessibility and effectiveness of the courts (section 165 (4) of the Constitution). The effectiveness of the courts is to a large extent dependent on the administrative functions performed by officials of the department. The courts, for example, impose court fines and issue court orders (e.g. maintenance orders) and the department assists with the administration (e.g. receipts of fines) to ensure the effectiveness of the courts.

The department, in order to give assistance to the courts (judiciary) in a structured manner, established



a vehicle known as the Third Party Funds (TPF), which acts as a conduit for the decisions (with a financial implication) taken by the judiciary. These decisions, inter alia, necessitate the receipt of funds and the later payment of these funds to other parties, depending on the circumstances.

The department continued with its endeavours to resolve the uncertainties with regard to the accounting and legal framework governing the Third Party Funds (TPF) and the extent to which these impact on the vote account of the department. The National Treasury, in a letter dated 13 May 2008, confirmed the principle of a separate entity by suggesting the establishment of a trust, but the department has the dilemma that there is currently no legislation enabling it to establish a trust. The department had several discussions with the relevant role-players in an effort not to engage in the tedious process to amend legislation. There is no provision in the PFMA to establish the TPF as a separate entity, nor does it address the accounting status of administered funds or revenue. Following a meeting on 21 July 2009 between officials of the NT, the AGSA and the department, the NT, in a letter dated 27 July 2009 (which must still be ratified by the attendees) inter alia concluded the following:

- All money due to the state will flow to the state via the National Revenue Fund (NRF).
- The DoJ&CD is responsible for the administration functions of the court process, which include the collection and administration of monies arising from the judiciary process.
- The independence of the judiciary is in no way affected by the DoJ&CD when the department performs the above administration process.
- If the money is due to the state, then this money will flow to the NRF through the books of the relevant department (ie the department whose function gives rise to the payment of such money).
- Two sets of annual financial statements (AFSs) need to be prepared, one for the DoJ&CD and the other for the TPF.
- The DoJ&CD must appropriately reflect the relationship of the TPF to the department in the annual financial statements of the department. For example, if there is money that is likely to be paid out by the department, then such money must be reflected as a contingent liability. If the opposite is true, then such money must be reflected as a contingent asset.
- Both sets of AFSs must be published together in the DoJ&CD's annual report that is tabled in the National Assembly as per section 65 of the PFMA.

The department is in the process of investigating the practical implication of the conclusion, as well as the impact of this on the vote account of the department. The department supports that both sets of the AFS must be published in the annual report of the department, but must highlight that NT was informed that, as a result of efforts to improve the quality of the annual financial statements of the TPF, the statements will be finalised later than stipulated in the requirements of the PFMA. For practical reasons, it will therefore not be possible to publish both sets of financial statements in the annual report of the department.

#### 1.17.2 Irregular and fruitless expenditure

Irregular and fruitless expenditure amounting to R60 million (see Note 28.2) were identified by the department during the year. A further R53 million (Irregular expenditure) and R18 million (fruitless and wasteful) in Note 12 identified during the audit is technical in nature and requires further investigation by the department before it can be regarded as such. In order to address certain technical issues, the department will be approaching the Chief State Law Advisor for a legal opinion.

#### 1.18 Approval

The Annual Financial Statements set out on pages 153 to 206 have been approved by the accounting officer.

**Advocate Menzi Simelane**  
**Accounting Officer**  
**31 July 2009**



2 Report of the AGSA to Parliament on the Financial Statements and Performance Information of Vote 21 for the year ended 31 March 2009

**Report on the financial statements**

**Introduction**

1. I have audited the accompanying financial statements of the Department of Justice and Constitutional Development, which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 153 to 206.

**The accounting officer's responsibility for the financial statements**

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

**The AGSA's responsibility**

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

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

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

**Basis for qualified opinion**

Departmental revenue, contingent liability and receivables for departmental revenue:

7. In the course of administering justice, the department established the Third Party Funds (the fund), which acts as a conduit for the receipt and payment of funds on behalf of other parties and the state (e.g. bail, maintenance money, various types of fines, payments into court and legal costs), through court processes as a result of its mandate. A separate set of financial statements for the fund is maintained.
8. For the purpose of my audit, I could not rely on the adequacy of the fund's financial and control system and the system did not permit the application of alternative audit procedures to determine:



- The revenue to the state amounting to R272 million, as disclosed in note 3.2 to the financial statement, has been properly collected and recorded by the fund and surrendered to the department.
  - The potential claims against the fund as a result of fraud, theft and losses, to be paid by the department as disclosed in note 22 to the financial statements.
  - The money collected on behalf of the state and not yet paid to the department as at 31 March 2009 according to the fund money, as disclosed in note 27 to the financial statements.
9. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the completeness, accuracy and valuation of the above disclosures to the financial statements.

**Employee benefit**

10. Manual leave forms are not captured timeously and accurately on PERSAL due to insufficient controls over leave. The department's records did not permit the application of alternative audit procedures to determine the effect of the late and incorrect capturing of leave forms.
11. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the completeness, existence and valuation of leave entitlement and capped leave commitments amounting to R397 million and R214 million respectively, as disclosed in note 25 to the financial statements.

**Finance lease commitment**

12. The agreement date, period of the contract and monthly instalment used to calculate the future lease commitment were not in all instances supported by lease agreements. The department's records did not permit the application of alternative audit procedures to determine the finance lease commitment.
13. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the completeness, existence and valuation of

the finance lease commitment amounting to R63 million, as disclosed in note 26.2 to the financial statements.

**Irregular expenditure condoned**

14. In terms of Practice note 5 of 2006/07, finance lease agreements for equipment exceeding 36 months is not condoned. Finance lease agreements exceeding 36 months were included in note 28.3.
15. The department's records did not permit the application of alternative audit procedures to determine the condoned irregular expenditure, as lease agreements were not in all instances available.
16. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy and existence of irregular expenditure condoned amounting to R34 million, as disclosed in note 28.3 to the financial statements.

**Capital and minor assets**

17. The department embarked on an asset turnaround project that was finalised during the current year. However, significant errors relating to the completeness of the capital and minor asset register and the existence of certain capital and minor assets were still identified.
18. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the completeness of the capital and minor asset register and existence of capital and minor assets amounting to R585 million and R554 million respectively, as disclosed in note 32 and 32.4 to the financial statements.

**Qualification**

19. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the department as at 31 March 2009 and its financial performance and its cash flows for the year then ended,



in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.

### Emphasis of matters

20. I draw attention to the following matters on which I do not express an qualified of opinion:

### Basis of accounting

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

### Irregular expenditure

22. As disclosed in note 28 to the financial statements, irregular expenditure amounting to R69 million was incurred, mainly as a result of proper tender processes that were not followed.

### Fruitless expenditure

23. As disclosed in note 12 to the financial statements, possible fruitless expenditure amounting to R18 million was identified as a result of the audit. The department is still in the process of investigating this matter.

### Restatement of corresponding figures

24. As disclosed in the following notes to the financial statements, the corresponding figures for 31 March 2008 have been restated as a result of errors discovered during the year ended 31 March 2009 in the financial statements of the department:
- Note 22, contingent liability (claims against the state) comparative restated with R90 million
  - Note 23, commitments comparative restated with R257 million
  - Note 25, employee benefits comparative restated with R283 million
  - Note 27, receivables for departmental revenue comparative restated with R139 million
  - Note 30, key management personnel comparative restated with R82 million

### Other matters

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

### Human Resource Management

25. The substantive documentation to support the information disclosed in Part 5 (page 208 to 231) of the annual report was not available and the correctness could therefore not be verified.

### Non-compliance with applicable legislation

26. Treasury Regulations (TR)
- Not all procurement of goods and services, either by way of quotations or through a bidding process, was within the threshold values as determined by the National Treasury as required by TR16A6.1.
  - Payments were not in all instances made within 30 days. Accruals that exceed the payment terms of 30 days as detailed in TR 8.2.3 amounted to R209 million. This amount in turn exceeds the voted funds to be surrendered of R28 million as per the statement of financial performance by R181 million. The amount of R181 million would therefore have constituted unauthorised expenditure, should the invoices have been paid in time.
  - The person in charge at the respective pay points did not in all instances certify that all persons listed on the payroll report are entitled to payments, as required by TR 8.3.4.
27. Public Service Regulations (PSR)
- The human resource organisational structure did not include certain functional information, and was not approved by the Department of Public Service and Administration, as required by the PSR part III B 2(a).
  - The job descriptions and titles were not reviewed at least once every three years and, where necessary, redefined to ensure that they remain appropriate and accurate, as required by PSR, chapter 1, Part III, 1.1 and 1.2.
  - All newly appointed employees did not have signed written contracts of employment, as required PSR, section 11(2).



**Governance framework**

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

**Internal control deficiencies**

29. Section 38(1)(a)(i) of the PFMA states that the accounting officer must ensure that the

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

Paragraph no	Basis for qualified opinion	CE	RA	CA	C	M
7 – 9	Departmental revenue, contingent liability and receivables for departmental revenue			3	1	1
10 – 11	Employee benefit			3	1	1
12 – 13	Finance lease commitments			3	1	1
14 – 16	Irregular expenditure condoned			3	1	1
17 – 18	Capital and minor assets			3	1	1

Legend	
<b>CE = Control environment</b>	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management’s philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
<b>RA = Risk assessment</b>	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
<b>CA = Control activities</b>	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7



IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee, nor self-assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

**Key governance responsibilities**

30. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

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



No	Matter	Yes	No
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		No
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		No
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the department against its mandate, predetermined objectives, outputs, indicators and targets (Treasury Regulations 5.1, 5.2 and 6.1).		No
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		No

**Investigations**

- 31. Various allegations of financial misconduct and irregularities are currently being investigated.

**Report on other legal and regulatory requirements**

**Report on performance information**

- 32. I have reviewed the performance information as set out on pages 3 to 123.

**The Accounting Officer's responsibility for the performance information**

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

**The AGSA's responsibility**

- 34. I conducted my engagement in accordance with section 13 of the PAA, read with General Notice 616 of 2008, issued in Government Gazette No 31057 of 15 May 2008.
- 35. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.
- 36. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

**Findings on performance information**

**Non-compliance with regulatory requirements**

**Submission of strategic plan**

- 37. The accounting officer of the department did not provide Parliament with the strategic plan at least 10 days prior to the discussion of the department's budget vote, as required by Treasury Regulations 5.2.1 and 5.2.2.

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

- 38. The accounting officer did not ensure that the department has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the department's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 38(1) (a)(i) and (b) of the PFMA. The current draft policy does not address key control elements expected in a policy.

**Inadequate quarterly reporting on performance information**

- 39. The quarterly reports of the department did not in all instances adequately and consistently track progress against outputs, indicators and targets as per the approved strategic plan and therefore did not facilitate effective performance monitoring and evaluation, as required by Treasury Regulation section 5.3.1.





### Usefulness and reliability of reported performance information

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

The following audit findings relate to the above criteria:

### Reported performance information not relevant

41. A certain number of targets with regard to the department's programmes were not:
- specific in clearly identifying the nature and the required level of performance;
  - measurable in identifying the required performance; and
  - time-bound in specifying the time period or deadline for delivery.

### Reported performance information not reliable

#### Lack of source documentation

42. Sufficient appropriate audit evidence in relation to certain reported performance information of the department could not be obtained, as the relevant source documentation could not in all instances be provided for audit purposes.

### Source information not accurate and complete

43. The source information provided to support certain reported performance information with regard to the programmes, subprogrammes and objectives did not adequately support the accuracy and completeness of the facts.

### Performance information not received in time

44. The performance information was not submitted for auditing as per the legislated deadlines in terms of section 40 of the PFMA.

### Other reports

#### Performance audits

45. A performance audit was conducted during the year under review concerning the appointment and utilisation of consultants. The results of the performance audit will be reported to management and tabled to Parliament separately.

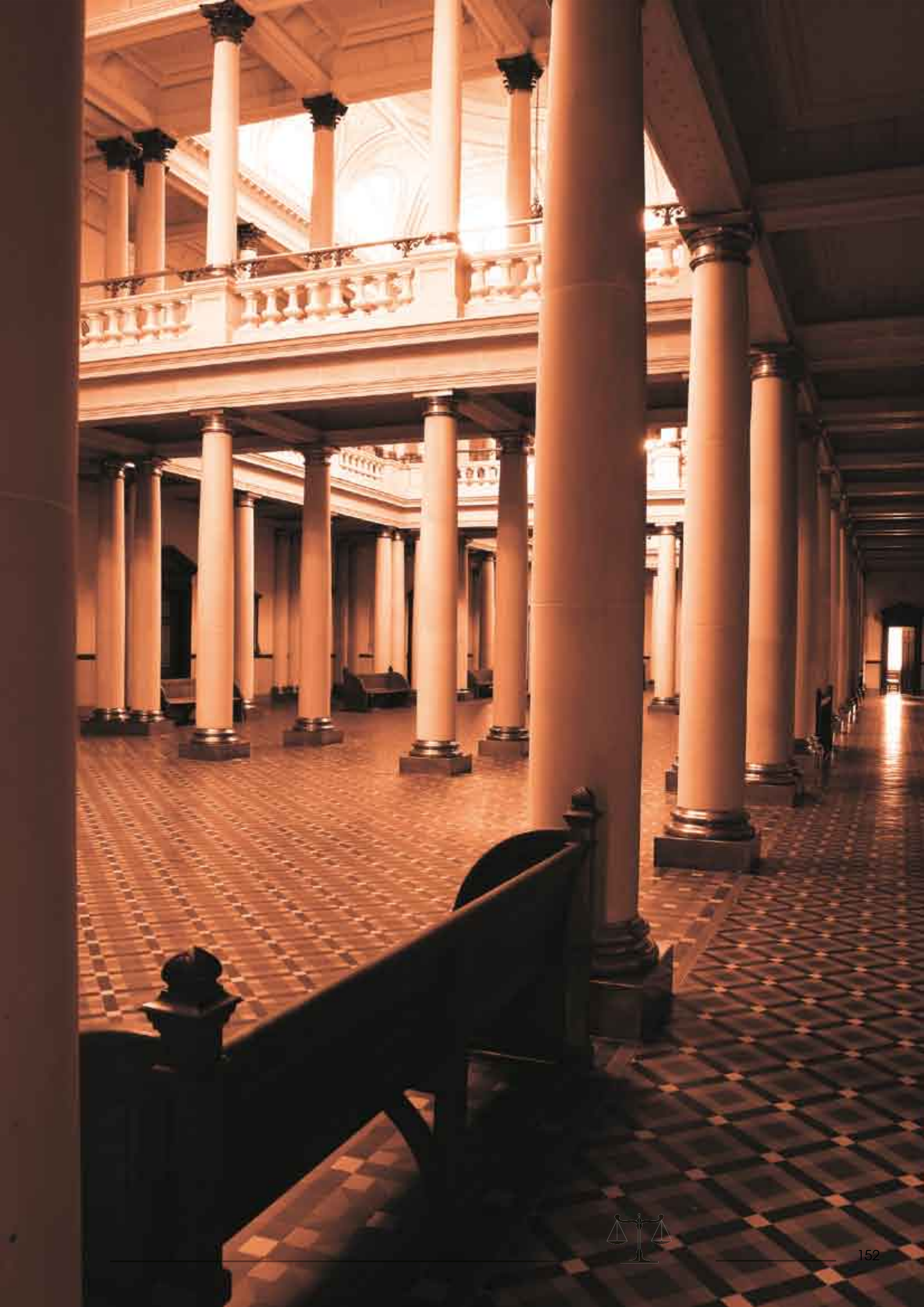
### Appreciation

46. The assistance rendered by the staff of the department during the audit is sincerely appreciated.

*Auditor-General*

Pretoria  
21 September 2009





3. Appropriation Statement for the year ended 31 March 2009

Appropriation per programme									
Programmes	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	946 607	-	(34 766)	911 841	911 838	3	100.0	837 976	833 224
Transfers and subsidies	8 786	-	1 859	10 645	9 230	1 415	86.7	8 702	7 697
Payment for capital assets	12 376	-	-	12 376	9 625	2 751	77.8	75 400	69 372
<b>2. Court Services</b>									
Current payment	2 854 454	-	28 266	2 882 720	2 881 442	1 278	100.0	2 569 667	2 571 001
Transfers and subsidies	7 294	-	2 676	9 970	9 919	51	99.5	10 840	10 217
Payment for capital assets	480 734	-	-	480 734	457 041	23 693	95.1	490 733	369 124
<b>3. State Legal Services</b>									
Current payment	498 558	-	21 719	520 277	520 276	1	100.0	394 438	372 437
Transfers and subsidies	500	-	1 208	1 708	1 708	-	100.0	1 154	1 199
Payment for capital assets	4 095	-	-	4 095	3 288	807	80.3	12 317	3 855



Appropriation per programme									
Programmes	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5. Auxiliary and Associated Services</b>									
Current payment	335 524	-	(13 250)	322 274	312 027	10 247	96.8	244 273	243 439
Transfers and subsidies	1 239 876	-	(4 000)	1 235 876	1 235 875	1	100.0	973 243	973 243
Payment for capital assets	11 200	-	-	11 200	9 907	1 293	88.5	58 658	58 689
<b>Subtotal</b>	<b>6 400 004</b>	<b>-</b>	<b>3 712</b>	<b>6 403 716</b>	<b>6 362 176</b>	<b>41 540</b>	<b>99.4</b>	<b>5 677 401</b>	<b>5 513 497</b>
<b>Statutory Appropriation</b>									
Current payment	1 518 679	-	18 506	1 537 185	1 550 262	(13 077)	100.9	1 203 342	1 155 886
Transfers and subsidies	69 335	-	(18 506)	50 829	50 829	-	100.0	63 176	28 641
<b>Total</b>	<b>7 988 018</b>	<b>-</b>	<b>3 712</b>	<b>7 991 730</b>	<b>7 963 267</b>	<b>28 463</b>	<b>99.6</b>	<b>6 943 919</b>	<b>6 698 024</b>



Part 4: Annual Financial Statements (Vote 21)

	2008/09		2007/08	
	Final appropriation	Actual expenditure	Final appropriation	Actual expenditure
<b>Total (brought forward)</b>	<b>7 991 730</b>	<b>7 963 267</b>	<b>6 943 919</b>	<b>6 698 024</b>
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts	352 511		312 434	
Aid assistance	1 100		39 340	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>8 345 341</b>		<b>7 295 693</b>	
<b>ADD</b>				
Aid assistance		2 793		62 369
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>7 966 060</b>		<b>6 760 393</b>



Appropriation per economic classification									
	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	2 318 592	-	1 984	2 320 576	2 320 574	2	100.0	1 969 751	1 952 340
Goods and services	2 316 544	-	(7 233)	2 309 311	2 297 785	11 526	99.5	2 073 328	2 064 784
Interest and rent on land	-	-	3 804	3 804	3 804	-	100.0	-	-
Financial transactions in assets and liabilities	7	-	3 414	3 421	3 420	1	100.0	3 323	3 026
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	5	5	4	1	80.0	-	-
Departmental agencies and accounts	1 244 297	-	(4 000)	1 240 297	1 238 883	1 414	99.9	977 453	977 098
Foreign governments and international organisations	4 240	-	846	5 086	5 085	1	100.0	4 220	3 573
Households	7 869	-	4 892	12 761	12 760	1	100.0	12 218	11 636
<b>Payments for capital assets</b>									
Buildings and other fixed structures	423 188	-	-	423 188	416 824	6 364	98.5	414 622	296 148
Machinery and equipment	85 142	-	(21)	85 121	62 891	22 230	73.9	220 718	203 781
Software and other intangible assets	125	-	21	146	146	-	100.0	1 768	1 112
<b>Total</b>	<b>6 400 004</b>		<b>3 712</b>	<b>6 403 716</b>	<b>6 362 176</b>	<b>41 540</b>	<b>99.4</b>	<b>5 677 401</b>	<b>5 513 498</b>

Statutory appropriation									
	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Direct changes against the National/Provincial Revenue Fund</b>									
Judges' and magistrates' salaries	1 588 014	-	-	1 588 014	1 601 091	(13 077)	100.8	1 266 518	1 184 527
<b>Total</b>	<b>1 588 014</b>	<b>-</b>	<b>-</b>	<b>1 588 014</b>	<b>1 601 091</b>	<b>(13 077)</b>	<b>100.8</b>	<b>1 266 518</b>	<b>1 184 527</b>



Programme 1: Administration

Detail per sub-programme: Programme 1: Administration	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Minister</b> Current payment	1 019	-	962	1 981	1 981	-	100.0	938	2 004
<b>1.2 Deputy Minister</b> Current payment	828	-	479	1 307	1 307	-	100.0	762	1 401
<b>1.3 Management</b> Current payment	69 191	-	(17 944)	51 247	51 247	-	100.0	69 269	73 260
Transfers and subsidies	4 435	-	96	4 531	3 116	1 415	68.8	4 330	3 966
Payment for capital assets	3 946	-	(692)	3 254	503	2 751	15.5	2 565	751
<b>1.4 Corporate Services</b> Current payment	489 756	-	(26 092)	463 664	463 661	3	100.0	413 313	403 696
Transfers and subsidies	4 351	-	1 763	6 144	6 114	-	100.0	4 372	3 731
Payment for capital assets	8 430	-	692	9 122	9 122	-	100.0	72 835	68 621
<b>1.5 Property Management</b> Current payment	385 813	-	7 829	393 642	393 642	-	100.0	353 694	352 863
<b>Total</b>	<b>967 769</b>	<b>-</b>	<b>(32 907)</b>	<b>934 862</b>	<b>930 693</b>	<b>4 169</b>	<b>99.6</b>	<b>922 078</b>	<b>910 293</b>



Programme 1 per economic classification	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	272 990	-	(63 053)	209 937	209 936	1	100.0	171 261	169 627
Goods and services	673 610	-	28 049	701 659	701 658	1	100.0	663 460	660 640
Financial transactions in assets and liabilities	7	-	238	245	244	1	99.6	3 255	2 957
<b>Transfers and subsidies to:</b>									
Departmental agencies and accounts	4 421	-	-	4 421	3 008	1 413	68.0	4 210	3 850
Foreign governments and international organisations	4 240	-	846	5 086	5 085	1	100.0	4 220	3 573
Households	125	-	1 013	1 138	1 137	1	99.9	272	275
<b>Payment for capital assets</b>									
Machinery and equipment	12 376	-	-	12 376	9 625	2 751	77.8	74 413	68 918
Software and other intangible assets	-	-	-	-	-	-	-	987	454
<b>Total</b>	<b>967 769</b>	<b>-</b>	<b>(32 907)</b>	<b>934 862</b>	<b>930 693</b>	<b>4 169</b>	<b>99.6</b>	<b>922 078</b>	<b>910 294</b>





Programme 2: Court Services

Detail per sub-programme: Programme 2: Court Services	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Constitutional Court</b>									
Current payment	58 046	-	1 648	59 694	59 694	-	100.0	57 995	45 112
Transfers and subsidies	372	-	(306)	66	15	51	22.7	40	-
Payment for capital assets	1 325	-	771	2 096	2 095	1	100.0	1 896	945
<b>2.2 Supreme Court of Appeal</b>									
Current payment	15 375	-	(3 369)	12 006	12 006	-	100.0	14 845	12 668
Transfers and subsidies	48	-	(48)	-	-	-	-	51	30
Payment for capital assets	300	-	-	300	46	254	15.3	300	194
<b>2.3 High Courts</b>									
Current payment	202 217	-	42 657	244 874	244 874	-	100.0	206 683	223 520
Transfers and subsidies	845	-	(241)	604	604	-	100.0	905	1 020
Payment for capital assets	1 320	-	-	1 320	865	455	65.5	2 173	2 079
<b>2.4 Specialised Courts</b>									
Current payment	22 079	-	4 505	26 584	26 584	-	100.0	35 160	24 368
Transfers and subsidies	100	-	(54)	46	46	-	100.0	40	-
Payment for capital assets	213	-	7	220	220	-	100.0	216	375
<b>2.5 Lower Courts</b>									
Current payment	2 030 220	-	50 624	2 080 844	2 079 568	1 276	99.9	1 841 696	1 880 288
Transfers and subsidies	4 165	-	3 563	7 728	7 728	-	100.0	7 835	7 594
Payment for capital assets	11 541	-	-	11 541	8 034	3 507	69.6	25 333	31 080



Programme 2: Court Services	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.6 Family Advocate</b>									
Current payment	77 707	-	6 614	84 321	84 321	-	100.0	65 278	66 732
Transfers and subsidies	809	-	(689)	120	120	-	100.0	763	1
Payment for capital assets	1 000	-	-	1 000	771	229	77.1	1 025	558
<b>2.7 Magistrate's Commission</b>									
Current payment	8 561	-	(1 171)	7 390	7 390	-	100.0	7 458	7 176
Transfers and subsidies	50	-	(18)	32	32	-	100.0	-	468
Payment for capital assets	-	-	25	25	25	-	100.0	50	-
<b>2.8 Government Motor Transport</b>									
Payment for capital assets	31 821	-	-	31 821	17 271	14 550	54.3	30 286	27 786
<b>2.9 Facilities Management</b>									
Current payment	140 972	-	(83 135)	57 837	57 835	2	100.0	84 225	65 148
Payment for capital assets	427 801	-	(1 481)	426 320	421 623	4 697	98.9	420 610	295 982
<b>2.10 Administration of Courts</b>									
Current payment	299 277	-	9 893	309 170	309 170	-	100.0	256 327	245 989
Transfers and subsidies	905	-	469	1 374	1 374	-	100.0	1 206	1 104
Payment for capital assets	5 413	-	678	6 091	6 091	-	100.0	8 844	10 125
<b>Total</b>	<b>3 342 482</b>	<b>-</b>	<b>30 942</b>	<b>3 373 424</b>	<b>3 348 402</b>	<b>25 022</b>	<b>99.3</b>	<b>3 071 240</b>	<b>2 950 342</b>



Part 4: Annual Financial Statements (Vote 21)

Programme 2 per economic classification	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	1 610 476	-	111 312	1 721 788	1 721 787	1	100.0	1 498 695	1 497 792
Goods and services	1 243 978	-	(89 961)	1 154 017	1 152 740	1 277	99.9	1 070 952	1 073 189
Interest and rent on land	-	-	3 804	3 804	3 804	-	100.0	-	-
Financial transactions in assets and liabilities	-	-	3 111	3 111	3 111	-	100.0	20	20
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	5	5	4	1	80.0	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	6
Households	7 244	-	2 671	9 915	9 915	-	100.0	10 840	10 211
<b>Payment for capital assets</b>									
Buildings and other fixed structures	423 188	-	-	423 188	416 824	6 364	98.5	414 622	296 148
Machinery and equipment	57 471	-	(3)	57 468	40 089	17 379	69.8	75 511	72 446
Software and other intangible assets	125	-	3	128	128	-	100.0	600	530
<b>Total</b>	<b>3 342 482</b>	<b>-</b>	<b>30 942</b>	<b>3 373 424</b>	<b>3 348 402</b>	<b>25 022</b>	<b>99.3</b>	<b>3 071 240</b>	<b>2 950 342</b>



## Programme 3: State Legal Services

Detail per sub-programme: Programme 3: State Legal Services	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 State Law Advisors</b>									
Current payment	33 373	-	(3 802)	29 571	29 571	-	100.0	23 939	21 320
Transfers and subsidies	-	-	-	-	-	-	-	62	62
Payment for capital assets	550	-	-	550	497	53	90.4	530	104
<b>3.2 Litigation and Legal Services</b>									
Current payment	189 173	-	6 611	195 784	195 784	-	100.0	155 953	146 458
Transfers and subsidies	-	-	766	766	766	-	100.0	420	411
Payment for capital assets	249	-	1 302	1 551	1 551	-	100.0	3 035	1 854
<b>3.3 Legislation and Constitutional Development</b>									
Current payment	38 139	-	(8 928)	29 211	29 210	1	100.0	35 149	32 559
Transfers and subsidies	-	-	346	346	346	-	100.0	182	181
Payment for capital assets	796	-	-	796	339	457	42.6	730	250
<b>3.4 Master of the High Court</b>									
Current payment	237 873	-	27 838	265 711	265 711	-	100.0	179 397	172 100
Transfers and subsidies	500	-	96	596	596	-	100.0	490	545
Payment for capital assets	2 500	-	(1 302)	1 198	901	297	75.2	8 022	1 647
<b>Total</b>	<b>503 153</b>	<b>-</b>	<b>22 927</b>	<b>526 080</b>	<b>525 272</b>	<b>808</b>	<b>99.8</b>	<b>407 909</b>	<b>377 491</b>



## Part 4: Annual Financial Statements (Vote 21)

Programme 3 per economic classification	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	434 664	-	(45 905)	388 759	388 759	-	100.0	299 451	284 830
Goods and services	63 894	-	67 559	131 453	131 452	1	100.0	94 987	87 607
Financial transactions in assets and liabilities	-	-	65	65	65	-	100.0	48	49
<b>Transfers and subsidies to:</b>									
Households	500	-	1 208	1 708	1 708	-	100.0	1 106	1 150
<b>Payment for capital assets</b>									
Machinery and equipment	4 095	-	(18)	4 077	3 270	807	80.2	12 136	3 727
Software and other intangible assets	-	-	18	18	18	-	100.0	181	128
<b>Total</b>	<b>503 153</b>	<b>-</b>	<b>22 927</b>	<b>526 080</b>	<b>525 272</b>	<b>808</b>	<b>99.8</b>	<b>407 909</b>	<b>377 491</b>

### Programme 5: Auxiliary and Associated Services

Detail per sub-programme: Programme 5: Auxiliary and Associated Services	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5.1 Interception and Monitoring of Communication</b>									
Current payment	620	-	(370)	250	99	151	39.6	709	100
Transfers and subsidies	-	-	-	-	-	-	-	-	1
<b>5.2 South African Human Rights Commission</b>									
Transfers and subsidies	60 603	-	-	60 603	60 603	-	100.0	55 281	55 281
<b>5.3 Commission on Gender Equality</b>									
Transfers and subsidies	46 193	-	-	46 193	46 193	-	100.0	39 745	39 745



Auxiliary and Associated Services	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5.4 Special Investigating Unit</b>									
Transfers and subsidies	116 297	-	-	116 297	116 297	-	100.0	103 111	103 111
<b>5.5 Legal Aid Board</b>									
Transfers and subsidies	842 120	-	(4 000)	838 120	838 120	-	100.0	613 029	613 029
<b>5.6 Public Protector</b>									
Current payment	-	-	-	-	-	-	-	-	55
Transfers and subsidies	86 475	-	-	86 475	86 475	-	100.0	78 722	78 722
<b>5.7 Justice Modernisation (NCPS)</b>									
Current payment	334 904	-	(12 880)	322 024	311 928	10 096	96.9	243 564	243 284
Payment for capital assets	11 200	-	-	11 200	9 907	1 293	88.5	58 658	58 689
<b>5.8 President's Fund</b>									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
<b>5.9 Represented Political Parties Fund</b>									
Transfers and subsidies	88 187	-	-	88 187	88 187	-	100.0	83 354	83 354
<b>Total</b>	<b>1 586 600</b>	<b>-</b>	<b>(17 250)</b>	<b>1 569 350</b>	<b>1 557 809</b>	<b>11 541</b>	<b>99.3</b>	<b>1 276 174</b>	<b>1 275 371</b>



Part 4: Annual Financial Statements (Vote 21)

Programme 5 per economic classification	2008/09							2007/08	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	462	-	(370)	92	92	-	100.0	344	91
Goods and services	335 062	-	(12 880)	322 182	311 935	10 247	96.8	243 929	243 348
<b>Transfers and subsidies to:</b>									
Departmental agencies and accounts	1 239 876	-	(4 000)	1 235 876	1 235 875	1	100.0	973 243	973 242
<b>Payment for capital assets</b>									
Machinery and equipment	11 200	-	-	11 200	9 907	1 293	88.5	58 658	58 690
<b>Total</b>	<b>1 586 600</b>	<b>-</b>	<b>(17 250)</b>	<b>1 569 350</b>	<b>1 557 809</b>	<b>11 541</b>	<b>99.3</b>	<b>1 276 174</b>	<b>1 275 371</b>



#### 4. Notes to the Appropriation Statement for the year ended 31 March 2009

##### 1. Detail of transfers and subsidies as per Appropriation Act (after virement):

Detail of these transactions can be viewed in note 9 (transfers and subsidies) and Annexures 1 (A-D) to the annual financial statements.

##### 2. Detail of specifically and exclusively appropriated amounts voted (after virement):

Detail of these transactions can be viewed in note 1 (annual appropriation) to the annual financial statements.

##### 3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 8 (financial transactions in assets and liabilities) to the annual financial statements.

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

4.1	Per programme	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	Administration	934 862	930 693	4 169	0.45
	Court Services	3 373 424	3 348 402	25 022	0.74
	State Legal Services	526 080	525 272	808	0.15

The underspending of the department is the direct result of the deliberate cuts in operational expenditure, curtailment of unplanned acquisition of goods and services and the non-filling of vacant posts to fund the implementation of the Occupational-specific Dispensation for legally qualified personnel.

4.2	Economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	<b>Current payments</b>				
	Compensation of employees	2 320 576	2 320 574	2	0.00
	Goods and Services	2 309 311	2 297 785	11 526	0.50
	Financial transactions in assets and liabilities	3 421	3 420	1	0.03
	<b>Transfers and subsidies</b>				
	Provinces and municipalities	5	4	1	20.00
	Departmental agencies and accounts	1 240 297	1 238 883	1 414	0.11
	Public corporations and private enterprises	5 086	5 085	1	0.02
	Households	12 761	12 760	1	0.01
	Gifts and donations				





## Part 4: Annual Financial Statements (Vote 21)

4.2	Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	<b>Payments for capital assets</b>				
	Buildings and other fixed structures	423 188	416 824	6 364	1.50
	Machinery and equipment	85 121	62 891	22 230	26.12
	Software and other intangible assets	146	146	-	0.00

The underspending of the department is the direct result of the deliberate cuts in operational expenditure, curtailment of unplanned acquisition of goods and services and the non-filling of vacant posts to fund the implementation of the Occupational-specific Dispensation for legally qualified personnel.



## 5. Statement of Financial Performance for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>REVENUE</b>			
Annual appropriation	1	6 403 716	5 677 401
Statutory appropriation	2	1 588 014	1 266 518
Departmental revenue	3	352 511	312 434
Aid assistance	4	1 100	39 340
<b>TOTAL REVENUE</b>		<b>8 345 341</b>	<b>7 295 693</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	5	3 870 837	3 108 226
Goods and services	6	2 297 786	2 064 784
Interest on rent on land	7	3 804	-
Financial transactions in assets and liabilities	8	3 420	3 026
Aid assistance	4	2 793	30 247
<b>Total current expenditure</b>		<b>6 178 640</b>	<b>5 206 283</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	9	1 307 559	1 020 948
<b>Expenditure for capital assets</b>			
Tangible capital assets	10	478 286	532 050
Software and other intangible assets	10	1 575	1 112
<b>Total expenditure for capital assets</b>		<b>479 861</b>	<b>533 162</b>
<b>TOTAL EXPENDITURE</b>		<b>7 966 060</b>	<b>6 760 393</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>379 281</b>	<b>535 300</b>
<b>Reconciliation of net surplus/(deficit) for the year</b>			
Voted funds	16	28 463	245 895
Departmental revenue	17	352 511	312 434
Aid assistance	4	(1 693)	(23 029)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>379 281</b>	<b>535 300</b>



6. Statement of Financial Position at ended 31 March 2009

POSITION	Note	2008/09 R'000	2007/08 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>356 649</b>	<b>314 934</b>
Unauthorised expenditure	11	-	139 052
Cash and cash equivalents	13	5 213	12 683
Prepayments and advances	14	2 424	2 481
Receivables	15	349 012	160 718
<b>TOTAL ASSETS</b>		<b>356 649</b>	<b>314 934</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>346 951</b>	<b>305 328</b>
Voted funds to be surrendered to the Revenue Fund	16	28 463	245 895
Departmental revenue to be surrendered to the Revenue Fund	17	23 131	14 426
Bank overdraft	18	281 224	-
Payables	19	1 312	30 493
Aid assistance unutilised	4	12 821	14 514
<b>TOTAL LIABILITIES</b>		<b>346 951</b>	<b>305 328</b>
<b>NET ASSETS</b>		<b>9 698</b>	<b>9 606</b>
<b>Represented by:</b>			
Recoverable revenue		9 698	9 606
<b>TOTAL</b>		<b>9 698</b>	<b>9 606</b>



## 7. Statement of Changes in Net Assets for the year ended 31 March 2009

NET ASSETS	<i>Note</i>	2008/09 R'000	2007/08 R'000
<b>Recoverable revenue</b>			
Opening balance		9 606	9 137
Transfers:		92	469
Debts revised		(249)	(383)
Debts recovered (included in departmental receipts)		(2 784)	(3 083)
Debts raised		3 125	3 935
Closing balance		9 698	9 606
<b>TOTAL</b>		<b>9 698</b>	<b>9 606</b>



8. Cash Flow Statement for the year ended 31 March 2009

	Note	2008/09 R'000	2007/08 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>8 345 330</b>	<b>7 295 693</b>
Annual appropriated funds received	1	6 403 716	5 677 401
Statutory appropriated funds received	2	1 588 014	1 266 518
Departmental revenue received	3	352 500	312 434
Aid assistance received	4	1 100	39 340
Net (increase)/decrease in working capital		(78 366)	79 634
Surrendered to Revenue Fund		(589 701)	(237 168)
Current payments		(6 178 640)	(5 206 283)
Transfers and subsidies paid		(1 307 559)	(1 020 948)
<b>Net cash flow available from operating activities</b>	<b>20</b>	<b>191 064</b>	<b>910 928</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	10	(479 861)	(533 162)
Proceeds from sale of capital assets	3.4	11	-
<b>Net cash flows from investing activities</b>		<b>(479 850)</b>	<b>(533 162)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		92	570
<b>Net cash flows from financing activities</b>		<b>92</b>	<b>570</b>
Net increase/(decrease) in cash and cash equivalents		(288 694)	378 336
Cash and cash equivalents at the beginning of the period		12 683	(365 653)
<b>Cash and cash equivalents at end of period</b>	<b>21</b>	<b>(276 011)</b>	<b>12 683</b>



## 9. Accounting Policies for the year ended 31 March 2009

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

### 1. Presentation of the financial statements

#### 1.1 Basis of preparation

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

#### 1.2 Presentation currency

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

#### 1.3 Rounding

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

#### 1.4 Comparative figures

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

#### 1.5 Comparative figures – appropriation statement

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

## 2. Revenue

### 2.1 Appropriated funds

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

financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

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

### 2.2 Statutory appropriation

Statutory appropriations are recognised in the financial records on the date the appropriations become effective. Adjustments to the statutory appropriations made in terms of the adjustment budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the statement of financial performance.

Unexpended statutory appropriations are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

### 2.3 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

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

#### 2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and/or regulations (excluding fines, penalties and forfeits).

Tax receipts are recognised in the statement of financial performance when received.

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

The proceeds received from the sale of goods and/or the provision of services are recognised in the statement of financial performance when the cash is received.

#### 2.3.3 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory unrequited amounts which were imposed by a court or quasi-



judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

### 2.3.4 Interest, dividends and rent on land

Interest, dividends and rent on land are recognised in the statement of financial performance when the cash is received.

### 2.3.5 Sale of capital assets

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

### 2.3.6 Financial transactions in assets and liabilities

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

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued, the payment is made from revenue.

Forex gains are recognised on payment of funds.

### 2.3.7 Transfers received (including gifts, donations and sponsorships)

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

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

## 2.4 Direct exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received.

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

## 2.5 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the

National Treasury or when the department directly receives the cash from the donor(s).

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

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA-earmarked projects are recognised as current or capital expenditure in the statement of financial performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the statement of financial position.

## 3. Expenditure

### 3.1 Compensation of employees

#### 3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance<sup>1</sup>.

All other payments are classified as current expenses.

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

#### 3.1.2 Post-retirement benefits

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

<sup>1</sup> This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects



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

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

### 3.1.3 Termination benefits

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

### 3.1.4 Other long-term employee benefits

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

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

## 3.2 Goods and services

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

## 3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or

other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

## 3.4 Financial transactions in assets and liabilities

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

**Forex losses** are recognised on payment of funds.

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

## 3.5 Transfers and subsidies

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

## 3.6 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is derecognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding, it is derecognised as expenditure, subject to the availability of savings, in the statement of financial performance on the date of approval.

## 3.7 Fruitless and wasteful expenditure

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

## 3.8 Irregular expenditure

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





### 3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

## 4. Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

### 4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

### 4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

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

### 4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year end are carried in the statement of financial position at cost plus any accrued interest.

### 4.5 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of investments are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

### 4.6 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash

repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the statement of financial position at cost.

### 4.7 Inventory

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

### 4.8 Capital assets

#### 4.8.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance are expensed as current "goods and services" in the statement of financial performance.

#### 4.8.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance are expensed as current "goods and services" in the statement of financial performance.

## 5. Liabilities

### 5.1 Voted funds to be surrendered to the Revenue Fund

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



### 5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position at cost.

### 5.3 Direct exchequer receipts to be surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the statement of financial performance when the cash is received.

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

### 5.4 Bank overdraft

The bank overdraft is carried in the statement of financial position at cost.

### 5.5 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

### 5.6 Contingent liabilities

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

### 5.7 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

### 5.8 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance, but are included in the disclosure notes.

### 5.9 Employee benefits

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

### 5.10 Lease commitments

#### Finance leases

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance

lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and the interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

#### Operating leases

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

## 6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

## 7. Net Assets

### 7.1 Capitalisation reserve

The capitalisation reserve comprises financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

### 7.2 Recoverable revenue

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

## 8. Related party transactions

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

## 9. Key management personnel

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

## 10. Public-private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



10. Notes to the Annual Financial Statements for the year ended 31 March 2009

1. Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for national departments (voted funds) and provincial departments:

	Final appropriation R'000	2008/09 Actual funds received R'000	Funds not requested/ not received R'000	2007/08 Appropriation Received R'000
Administration	934 862	934 862	-	922 078
Court Services	3 373 424	3 373 424	-	3 071 240
State Legal Services	526 080	526 080	-	407 909
Auxiliary and Associated Services	1 569 350	1 569 350	-	1 276 174
<b>Total</b>	<b>6 403 716</b>	<b>6 403 716</b>	<b>-</b>	<b>5 677 401</b>

2. Statutory appropriation

	2008/09 R'000	2007/08 R'000
Judges' and magistrates' salaries	1 588 014	1 266 518
<b>Total</b>	<b>1 588 014</b>	<b>1 266 518</b>
Actual Statutory Appropriation received	<b>1 588 014</b>	<b>1 266 518</b>



### 3. Departmental revenue

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Sales of goods and services other than capital assets	3.1	13 248	14 027
Fines, penalties and forfeits	3.2	271 508	238 025
Interest, dividends and rent on land	3.3	44 872	48 700
Sales of capital assets	3.4	11	-
Financial transactions in assets and liabilities	3.5	22 872	11 682
<b>Departmental revenue collected</b>		<b>352 511</b>	<b>312 434</b>

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

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Sales of goods and services produced by the department		<b>13 215</b>	<b>13 964</b>
Sales by market establishment		3 560	197
Other sales		9 655	13 767
Sales of scrap, waste and other used current goods		33	63
<b>Total</b>		<b>13 248</b>	<b>14 027</b>

#### 3.2 Fines, penalties and forfeits

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Fines	3	227 846	165 736
Penalties		3 569	2 289
Forfeits		40 093	70 000
<b>Total</b>		<b>271 508</b>	<b>238 025</b>

#### 3.3 Interest, dividends and rent on land

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Interest	3	44 872	48 700
<b>Total</b>		<b>44 872</b>	<b>48 700</b>

#### 3.4 Sales of capital assets

##### Tangible assets

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Machinery and equipment	41.2	11	-
<b>Total</b>		<b>11</b>	<b>-</b>



**3.5 Financial transactions in assets and liabilities**

	Note	2008/09	2007/08
	3	R'000	R'000
Loans and advances		26	(3)
Receivables		1 358	182
Stale cheques written back		228	215
Other receipts, including recoverable revenue		21 260	11 288
<b>Total</b>		<b>22 872</b>	<b>11 682</b>

**4. Aid assistance**

**4.1 Aid assistance received in cash from RDP**

	Note	2008/09	2007/08
		R'000	R'000
<b>Foreign</b>			
Opening balance		14 514	37 543
Revenue		1 100	39 340
Expenditure		<b>(2 793)</b>	<b>(62 369)</b>
Current		(2 793)	(30 247)
Capital		-	(32 122)
<b>Closing balance</b>		<b>12 821</b>	<b>14 514</b>

**4.2 Total assistance**

	2008/09	2007/08
	R'000	R'000
Opening balance	14 514	37 543
Revenue	1 100	39 340
Expenditure	<b>(2 793)</b>	<b>(62 369)</b>
Current	(2 793)	(30 247)
Capital	-	(32 122)
<b>Closing balance</b>	<b>12 821</b>	<b>14 514</b>

**Analysis of balance**

Aid assistance unutilised	<b>12 821</b>	<b>14 514</b>
RDP	12 821	14 514
<b>Closing balance</b>	<b>12 821</b>	<b>14 514</b>



## 5. Compensation of employees

### 5.1 Salaries and wages

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Basic salary		2 640 141	2 244 051
Performance award		29 838	23 521
Service based		6 847	10 440
Compensative/circumstantial		19 695	18 438
Periodic payments		13 042	11 018
Other non-pensionable allowances		762 920	457 486
<b>Total</b>		<b>3 472 483</b>	<b>2 764 954</b>

### 5.2 Social contributions

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension		271 051	224 534
Medical		126 796	118 264
UIF		32	14
Bargaining Council		475	460
<b>Total</b>		<b>398 354</b>	<b>343 272</b>
<b>Total compensation of employees</b>		<b>3 870 837</b>	<b>3 108 226</b>
Average number of employees		<b>19 827</b>	<b>18 702</b>



**6. Goods and services**

	Note	2008/09 R'000	2007/08 R'000
Administrative fees		3 918	1 455
Advertising		29 806	22 121
Assets less than R5 000	6.1	37 153	58 190
Bursaries (employees)		2 962	5 354
Catering		13 046	7 855
Communication		124 844	117 275
Computer services	6.2	261 480	240 156
Consultants, contractors and agency/outsourced services	6.3	486 644	416 214
Entertainment		746	435
Audit cost – external	6.4	26 350	19 058
Inventory	6.5	88 748	103 276
Operating leases		323 815	286 656
Owned and leasehold property expenditure	6.6	371 443	282 809
Transport provided as part of the departmental activities		142	15
Travel and subsistence	6.7	392 300	322 751
Venues and facilities		11 293	20 644
Training and staff development		22 245	13 054
Other operating expenditure	6.8	100 851	147 466
<b>Total</b>		<b>2 297 786</b>	<b>2 064 784</b>

**6.1 Assets less than R5 000**

	Note	2008/09 R'000	2007/08 R'000
<b>Tangible assets</b>		<b>37 098</b>	<b>57 931</b>
Machinery and equipment		37 098	57 931
<b>Intangible assets</b>		<b>55</b>	<b>259</b>
<b>Total</b>		<b>37 153</b>	<b>58 190</b>

**6.2 Computer services**

	Note	2008/09 R'000	2007/08 R'000
SITA computer services	6	63 485	68 270
External computer service providers		197 995	171 886
<b>Total</b>		<b>261 480</b>	<b>240 156</b>



### 6.3 Consultants, contractors and agency/outsourced services

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>6</i>	<b>R'000</b>	<b>R'000</b>
Business and advisory services		99 280	110 938
Laboratory services		559	-
Legal costs		46 418	41 460
Contractors		79 042	27 185
Agency and support/outsourced services		261 345	236 631
<b>Total</b>		<b>486 644</b>	<b>416 214</b>

### 6.4 Audit cost – external

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>6</i>	<b>R'000</b>	<b>R'000</b>
Regularity audits		24 945	18 165
Performance audits		1 210	217
Forensic audits		195	673
Other audits		-	3
<b>Total</b>		<b>26 350</b>	<b>19 058</b>

### 6.5 Inventory

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>6</i>	<b>R'000</b>	<b>R'000</b>
Learning and teaching support material		38	-
Food and food supplies		68	-
Fuel, oil and gas		168	101
Other consumable materials		2 783	740
Maintenance material		1 319	1 120
Stationery and printing		84 282	101 315
Medical supplies		90	-
<b>Total</b>		<b>88 748</b>	<b>103 276</b>

### 6.6 Owned and leasehold property expenditure

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>6</i>	<b>R'000</b>	<b>R'000</b>
Municipal services		94 783	90 846
Property management fees		18 068	-
Other		258 592	191 963
<b>Total</b>		<b>371 443</b>	<b>282 809</b>





**6.7 Travel and subsistence**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
Local	6	383 049	313 104
Foreign		9 251	9 647
<b>Total</b>		<b>392 300</b>	<b>322 751</b>

**6.8 Other operating expenditure**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	6	<b>R'000</b>	<b>R'000</b>
Professional bodies, membership and subscription fees		396	76 325
Resettlement costs		12 390	9 772
Other		88 065	61 369
<b>Total</b>		<b>100 851</b>	<b>147 466</b>

**7. Interest on rent on land**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Interest paid		3 804	-
<b>Total</b>		<b>3 804</b>	<b>-</b>

**8. Financial transactions in assets and liabilities**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Material losses through criminal conduct		<b>3 038</b>	<b>1 600</b>
Theft	8.4	550	312
Other material losses	8.1	2 488	1 288
Other material losses written off	8.2	150	934
Debts written off	8.3	232	492
<b>Total</b>		<b>3 420</b>	<b>3 026</b>

**8.1 Other material losses**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	8	<b>R'000</b>	<b>R'000</b>
<b>Nature of other material losses</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Cheque fraud	Guardian's Fund cheques were fraudulently deposited and cashed. Loss was investigated by SAPS. The loss could not be recovered.		
		2 488	1 288
<b>Total</b>		<b>2 488</b>	<b>1 288</b>



## 8.2 Other material losses written off

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>8</i>	<b>R'000</b>	<b>R'000</b>
<b>Nature of losses</b>			
Irrecoverable losses		70	531
Civil actions		50	175
Damages to vehicles		30	170
State money shortages		-	58
<b>Total</b>		<b>150</b>	<b>934</b>

## 8.3 Debts written off

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>8</i>	<b>R'000</b>	<b>R'000</b>
<b>Nature of debts written off</b>			
Staff debts (prescribed staff debts)		232	492
<b>Total</b>		<b>232</b>	<b>492</b>

## 8.4 Detail of theft

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>8</i>	<b>R'000</b>	<b>R'000</b>
<b>Nature of theft</b>			
Burglaries		458	195
Theft		92	117
<b>Total</b>		<b>550</b>	<b>312</b>

## 9. Transfers and subsidies

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Provinces and municipalities	<i>Annex 1A</i>	4	-
Departmental agencies and accounts	<i>Annex 1B</i>	1 238 883	977 098
Foreign governments and international organisations	<i>Annex 1C</i>	5 084	3 573
Households	<i>Annex 1D</i>	63 588	40 277
<b>Total</b>		<b>1 307 559</b>	<b>1 020 948</b>



**10. Expenditure for capital assets**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		<b>478 286</b>	<b>532 050</b>
Buildings and other fixed structures	34.1	416 823	296 148
Machinery and equipment	32.1	61 463	235 902
<b>Software and other intangible assets</b>		<b>1 575</b>	<b>1 112</b>
Other intangibles	33.1	1 575	1 112
<b>Total</b>		<b>479 861</b>	<b>533 162</b>

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

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>478 286</b>	-	<b>478 286</b>
Buildings and other fixed structures	416 823	-	416 823
Machinery and equipment	61 463	-	61 463
<b>Software and other intangible assets</b>	<b>1 575</b>	-	<b>1 575</b>
Capitalised development costs	1 430	-	1 430
Computer software	145	-	145
<b>Total</b>	<b>479 861</b>	-	<b>479 861</b>

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

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Total assets acquired</b>	<b>501 040</b>	<b>32 122</b>	<b>533 162</b>

**11. Unauthorised expenditure**

**11.1 Reconciliation of unauthorised expenditure**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		139 052	185 617
Less: Amounts approved by Parliament/Legislature (with funding)		(139 052)	(46 565)
<b>Unauthorised expenditure awaiting authorisation</b>		<b>-</b>	<b>139 052</b>



## 12. Fruitless and wasteful expenditure

Fruitless expenditure amounting to R17.8 million identified as a result of the audit is in the process to be investigated, as the matter is technical of nature. These matters have been noted in the relevant registers and are being dealt with in terms of National Treasury Practice Note 4 of 2008/2009.

## 13. Cash and cash equivalents

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster-General account		-	9 805
Cash receipts		1 279	(31)
Disbursements		14	(10)
Cash on hand		3 920	2 919
<b>Total</b>		<b>5 213</b>	<b>12 683</b>

## 14. Prepayments and advances

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Travel and subsistence		2 284	2 481
Advances paid to other entities		140	-
<b>Total</b>		<b>2 424</b>	<b>2 481</b>

## 15. Receivables

	<i>Note</i>	<b>2008/09</b>			<b>Total</b>	<b>2007/08</b>
		<b>Less than one year</b>	<b>One to three years</b>	<b>Older than three years</b>		
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Claims recoverable	<i>15.1 &amp; Annex 4</i>	167 118	26 626	138	193 882	120 807
Recoverable expenditure	<i>15.2</i>	109 967	-	-	109 967	-
Staff debt	<i>15.3</i>	3 496	6 529	10 981	21 006	18 928
Other debtors	<i>15.4</i>	6 450	3 427	14 280	24 157	20 983
<b>Total</b>		<b>287 031</b>	<b>36 582</b>	<b>25 399</b>	<b>349 012</b>	<b>160 718</b>

### 15.1 Claims recoverable

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
National departments	<i>15</i>	113 427	71 706
Provincial departments		80 455	47 172
Private enterprises		-	1 929
<b>Total</b>		<b>193 882</b>	<b>120 807</b>



### 15.2 Recoverable expenditure

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>15</i>	<b>R'000</b>	<b>R'000</b>
Unauthorised expenditure recoverable		109 967	-
<b>Total</b>		<b>109 967</b>	<b>-</b>

### 15.3 Staff debt

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>15</i>	<b>R'000</b>	<b>R'000</b>
In-service debt		5 605	5 501
Out-of-service debt		15 401	13 427
<b>Total</b>		<b>21 006</b>	<b>18 928</b>

### 15.4 Other debtors

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
	<i>15</i>	<b>R'000</b>	<b>R'000</b>
Disallowance accounts		17 892	20 236
Salary suspense accounts		2 553	747
Funds due to DoJ&CD by NPA (virement)		3 712	-
<b>Total</b>		<b>24 157</b>	<b>20 983</b>

### 16. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		245 895	(65 610)
Transfer from statement of financial performance		28 463	245 895
Paid during the year		(245 895)	65 610
<b>Closing balance</b>		<b>28 463</b>	<b>245 895</b>

### 17. Departmental revenue to be surrendered to the Revenue Fund

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		14 426	4 770
Transfer from statement of financial performance		352 511	312 434
Paid during the year		(343 806)	(302 778)
<b>Closing balance</b>		<b>23 131</b>	<b>14 426</b>

### 18. Bank overdraft

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster-General account		281 224	-
<b>Total</b>		<b>281 224</b>	<b>-</b>



## 19. Payables – current

Description	Note	2008/09 Total	2007/08 Total
Advances received	19.1	665	858
Clearing accounts	19.2	647	1 400
Other payables	19.3	-	28 235
<b>Total</b>		<b>1 312</b>	<b>30 493</b>

### 19.1 Advances received

Description	Note	2008/09 R'000	2007/08 R'000
Western Cape Agency Services	19	665	858
<b>Total</b>		<b>665</b>	<b>858</b>

### 19.2 Clearing accounts

Description	Note	2008/09 R'000	2007/08 R'000
Salary control accounts	19	586	1 322
Overseas maintenance		61	78
<b>Total</b>		<b>647</b>	<b>1 400</b>

### 19.3 Other payables

Description	Note	2008/09 R'000	2007/08 R'000
NPA virement still to be paid by DoJ&CD	19	-	26 575
Commission on Gender Equality, surplus to be surrendered to National Treasury		-	1 660
<b>Total</b>		<b>-</b>	<b>28 235</b>



**20. Net cash flow available from operating activities**

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per statement of financial performance		379 281	535 300
Add back non-cash/cash movements not deemed operating activities		(188 217)	375 628
(Increase)/decrease in receivables – current		(188 294)	7 321
(Increase)/decrease in prepayments and advances		57	(292)
(Increase)/decrease in other current assets		139 052	46 565
Increase/(decrease) in payables – current		(29 181)	26 040
Proceeds from sale of capital assets		(11)	-
Expenditure on capital assets		479 861	533 162
Surrenders to Revenue Fund		(589 701)	(237 168)
<b>Net cash flow generated by operating activities</b>		<b>191 064</b>	<b>910 928</b>

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

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster-General account		(281 224)	9 805
Cash receipts		1 279	(31)
Disbursements		14	(10)
Cash on hand		3 920	2 919
<b>Total</b>		<b>(276 011)</b>	<b>12 683</b>



## 11. Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2009

These amounts are not recognised in the annual financial statements and are disclosed to enhance the usefulness of the annual financial statements.

### 22. Contingent liabilities

		<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	129	315
Housing loan guarantees	Employees	<i>Annex 3A</i>	12 213	17 021
Claims against the department		<i>Annex 3B</i>	3 484 997	3 004 932
Other departments (interdepartmental unconfirmed balances)		<i>Annex 5</i>	10 683	36 735
Third-party fraud, losses, theft and dishonoured cheques		<i>Annex 3B</i>	41 555	-*
<b>Total</b>			<b>3 549 577</b>	<b>3 059 003</b>

\* Previous years contingent liability relating to third-party funds not available.

### 23. Commitments

		<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
<b>Current expenditure</b>				
Approved and contracted			1 119 992	510 946
Approved but not yet contracted			7 519	1 428
			<b>1 127 511</b>	<b>512 374</b>
<b>Capital expenditure</b>				
Approved and contracted			6 922	62 497
Approved but not yet contracted			15 026	5 251
			<b>21 948</b>	<b>67 748</b>
<b>Total commitments</b>			<b>1 149 459</b>	<b>580 122</b>

\* Previous year's commitment restated due to additional information obtained.





## 24. Accruals

	<i>Note</i>		<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
<b>Listed by economic classification</b>				
	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Compensation of employees	-	56 839	<b>56 839</b>	<b>8 621</b>
Goods and services	107 190	109 169	<b>216 359</b>	<b>145 098</b>
Buildings and other fixed structures	-	47 188	<b>47 188</b>	<b>556</b>
Machinery and equipment	-	457	<b>457</b>	<b>2 865</b>
Software and other intangible assets	-	-	-	<b>5 638</b>
<b>Total</b>	<b>107 190</b>	<b>213 653</b>	<b>320 843</b>	<b>162 778</b>

	<i>Note</i>		<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
<b>Listed by programme level</b>				
Programme 1: Administration			132 035	29 784
Programme 2: Administration of Courts			95 438	128 844
Programme 3: State Legal Services			11 043	4 150
Programme 5: Auxiliary and Associated Services			41 990	-
Statutory Appropriation: Judges and Magistrates			40 337	-
<b>Total</b>			<b>320 843</b>	<b>162 778</b>

	<i>Note</i>		<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments		<i>Annex 5</i>	63 828	28 426
Confirmed balances with other government entities		<i>Annex 5</i>	15 533	-*
<b>Total</b>			<b>79 361</b>	<b>28 426</b>

\* Previous year's accrual for Third Party Funds (amount to be paid to the National Revenue Fund) not available.

## 25. Employee benefits

	<i>Note</i>		<b>2008/09</b>	<b>2007/08</b>
			<b>R'000</b>	<b>R'000</b>
Leave entitlement			*397 277	366 878
Thirteenth cheque			93 967	85 704
Performance awards			4 941	5 764
Capped leave commitments			**214 224	203 271
<b>Total</b>			<b>710 409</b>	<b>661 617</b>

\* Included in this amount is an amount of (R3 356 413) that relates to financial years prior to July 2000.

\*\* Included in the commitments for capped leave is an amount of (R325 878) that relates to financial years prior to July 2000.



## 26. Lease commitments

### 26.1 Operating leases expenditure

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Later than 1 year and not later than 5 years	-	-	2 687	2 687
<b>Total lease commitments</b>	-	-	<b>2 687</b>	<b>2 687</b>

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Later than 1 year and not later than 5 years	-	-	2 004	2 004
<b>Total lease commitments</b>	-	-	<b>2 004</b>	<b>2 004</b>

Previous year's operating lease commitment restated due to additional information obtained.

### 26.2 Finance leases expenditure

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year			27 594	27 594
Later than 1 year and not later than 5 years			43 816	43 816
<b>Total lease commitments</b>			<b>71 410</b>	<b>71 410</b>
LESS: finance costs			8 203	8 203
<b>Total present value of lease liabilities</b>			<b>63 207</b>	<b>63 207</b>

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year			11 447	11 447
Later than 1 year and not later than 5 years			10 283	10 283
<b>Total present value of lease liabilities</b>			<b>21 730</b>	<b>21 730</b>



## 27. Receivables for departmental revenue

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Fines penalties and forfeits *		15 533	-
Interest dividends and rent on land **		381	371
Other ***		8 634	8 634
<b>Total</b>		<b>24 548</b>	<b>9 005</b>

\* This amount was received in the Third Party Fund accounts at year end, but not yet paid into the vote account for transfer to the National Revenue Fund. Previous year's receivables are not available.

\*\* The amount for interest dividends and rent on land for the 2007/08 financial year is restated due to new information obtained.

\*\*\* The amount for 2007/08 has been restated due to the fact that the amount is already disclosed in Note 11 as part of the unauthorised expenditure balance.

### 27.1 Analysis of receivables for departmental revenue

	<i>Note</i>	<b>2008/09</b>
		<b>R'000</b>
Opening balance		9 005
Add: Amounts recognised		15 543
<b>Closing balance</b>		<b>24 548</b>

## 28. Irregular expenditure

### 28.1 Reconciliation of irregular expenditure

	<i>Note</i>	<b>2008/09</b>	<b>2007/08</b>
		<b>R'000</b>	<b>R'000</b>
Opening balance		94 671	77 797
Add: Irregular expenditure – relating to prior year	28.2	25 495	99 111
Add: Irregular expenditure – relating to current year	28.2	35 002	-
Less: Amounts condoned	28.3	(109 076)	(82 237)
Less: Amounts not recoverable (not condoned)	28.4	(40 318)	-
<b>Irregular expenditure awaiting condonation</b>		<b>5 774</b>	<b>94 671</b>

#### Analysis of awaiting condonation per age classification

Current year	387	71 669
Prior years	5 387	23 002
<b>Total</b>	<b>5 774</b>	<b>94 671</b>



### 28.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2008/09 R'000
Supply Chain Management procedures not adhered to for Security Services	No loss was suffered by the department and disciplinary steps could not be taken, as the official responsible resigned.	526
IT equipment procured through an expired SITA contract	No loss was suffered by the department	2 572
Supply Chain Management procedures not adhered to for Communication Services	Official responsible was dismissed.	257
Non-compliance with departmental Supply Chain Management procedures (departmental Bid Adjudication Committee approvals not obtained)	Matters are still under investigation.	5 517
Inadequate delegations to departmental Bid Adjudication Committee	Condonation requested from accounting officer as the matter is technical of nature.	17 010
Finance leases entered into in terms of transversal State Tender Board contract (RT3) Non-compliance with Treasury Regulation 13.2.5	No further action is necessary, as condonation had been granted by National Treasury.	34 615
		<b>60 497</b>

### 28.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2008/09 R'000
Inadequate delegations to departmental Bid Adjudication Committee	Condoned by accounting officer	74 461
Finance leases entered into in terms of Transversal State Tender Board contract (RT3) Non-compliance with Treasury Regulations 13.2.5	Condoned by National Treasury	34 615
<b>Total</b>		<b>109 076</b>

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

Incident	Not condoned by (condoning authority)	2008/09 R'000
Supply Chain Management procedures not adhered to for Security Services	No loss was suffered by the department and disciplinary steps could not be taken, as the official responsible resigned.	526
IT equipment procured through an expired SITA contract	No loss was suffered by the department.	2 572
Tender procedures not followed in procuring consultancy services	Investigations have revealed that value for money was received, although it was evident that procurement procedures were not followed. The responsible official was dismissed.	13 240
Re-appointment of an employee in contravention of the Public Service Regulations	No loss was suffered by the department and the employee's service was terminated.	284
Supply Chain Management procedures not adhered to for consultancy services	Submission to accounting officer for condonation of non-compliance. The presiding officer did not make an order that the officials involved should re-pay any amount. The officials were dismissed.	9 478
Supply Chain Management procedures not adhered to for least cost routing	No loss was incurred, as the department derived a cost saving of 32% from this initiative.	14 218
<b>Total</b>		<b>40 318</b>



\* Irregular expenditure amounting to R53 million identified as a result of the audit are not included in the above amount, as the department is in the process to investigate the matter because it is technical of nature. These matters have been noted in the relevant registers and are being dealt with in terms of National Treasury Practice Note 4 of 2008/2009.

### 29. Related party transactions

The funds mentioned under paragraph 1.5.2 of the report of the accounting officer, are related parties.

### 30. Key management personnel

	No of individuals	2008/09 R'000	2007/08 R'000
Officials:			
Level 15 to 16	16	12 364	11 125
Level 14 (and any other key management personnel identified by DoJ&CD)	307	145 859	*96 569
<b>Total</b>		<b>158 223</b>	<b>107 694</b>

\* The amount disclosed in 2007/08 for level 14 was amended to include any other key management personnel identified by DoJ&CD.

### 31. Provisions

	<i>Note</i>	2008/09 R'000	2007/08 R'000
<b>Potential irrecoverable debts</b>			
Staff debtors		8 101	6 856
Other debtors		12 340	13 949
<b>Total</b>		<b>20 441</b>	<b>20 805</b>
<b>Provisions</b>			
Provision for non-recoverable loans		394	-
Occupational-specific Dispensation for legally qualified personnel		-	182 214
		<b>394</b>	<b>182 214</b>
<b>Total</b>		<b>20 835</b>	<b>203 019</b>



### 32. Movable tangible capital assets

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

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>	<b>577 691</b>	<b>(52 487)</b>	<b>60 507</b>	<b>659</b>	<b>585 052</b>
Transport assets	50 888	15 364	6 404	-	72 656
Computer equipment	299 783	(171 324)	20 650	145	148 964
Furniture and office equipment *	86 651	60 565	23 219	211	170 224
Other machinery and equipment **	140 369	42 908	10 234	303	193 208
<b>Total movable tangible capital assets</b>	<b>577 691</b>	<b>(52 487)</b>	<b>60 507</b>	<b>659</b>	<b>585 052</b>

\* Included above in the "Current year adjustments to prior year balances" is an adjustment of 1 763, representing unverified assets of prior years to the value of R28,942 million. Refer to paragraph 11 of the accounting officer's report for more detail.

\*\* Comparative figures have been restated to adhere to new disclosure requirements.

#### 32.1 Additions

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

	Cash R'000	Non-cash R'000	(Capital work in progress, current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>Machinery and equipment</b>	<b>61 463</b>	<b>(9 290)</b>	<b>-</b>	<b>8 334</b>	<b>60 507</b>
Transport assets	17 216	(10 812)	-	-	6 404
Computer equipment	21 691	(1 845)	-	804	20 650
Furniture and office equipment	17 926	3 397	-	1 896	23 219
Other machinery and equipment	4 630	(30)	-	5 634	10 234
<b>Total Additions to Movable Tangible Capital Assets</b>	<b>61 463</b>	<b>(9 290)</b>	<b>-</b>	<b>8 334</b>	<b>60 507</b>



## 32.2 Disposals

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

	Sold for cash R'000	Transferred out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>Machinery and equipment</b>	<b>325</b>	<b>334</b>	<b>659</b>	-
Computer equipment	61	84	145	-
Furniture and office equipment	51	160	211	-
Other machinery and equipment	213	90	303	-
<b>Total disposal of movable tangible capital assets</b>	<b>325</b>	<b>334</b>	<b>659</b>	-

## 32.3 Movement for 2007/08

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Machinery and Equipment</b>	<b>366 736</b>	<b>211 103</b>	<b>148</b>	<b>577 691</b>
Transport assets	36 447	14 441	-	50 888
Computer equipment	136 437	163 404	58	299 783
Furniture and office equipment	60 877	25 864	90	86 651
Other machinery and equipment	132 975	7 394	-	140 369
<b>Total movable tangible capital assets</b>	<b>366 736</b>	<b>211 103</b>	<b>148</b>	<b>577 691</b>

## 32.4 Minor assets

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Minor assets	171	554 073	554 244
<b>Total</b>	<b>171</b>	<b>554 073</b>	<b>554 244</b>

	Intangible assets	Machinery and equipment	Total
Number of minor assets	44	391 313	391 357
<b>Total</b>	<b>44</b>	<b>391 313</b>	<b>391 357</b>

\* Not included above is 10 123 unverified minor assets of prior years to the value of R21,625 million. Refer to paragraph 11 of the accounting officer's report for more detail.



### 33. Intangible capital assets

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

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
Capitalised development costs	-	4 725	1 430	-	6 155
Computer software	29 849	14	125	-	29 988
<b>Total intangible capital assets</b>	<b>29 849</b>	<b>4 739</b>	<b>1 555</b>	<b>-</b>	<b>36 143</b>

#### 33.1 Additions

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

	Cash R'000	Non-cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year not paid (paid current year received prior year) R'000	Total R'000
Capitalised development costs	1 430	-	-	-	1 430
Computer software	145	(20)	-	-	125
<b>Total additions to intangible capital assets</b>	<b>1 575</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>1 555</b>

#### 33.2 Movement for 2007/08

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	29 404	445	-	29 849
<b>Total</b>	<b>29 404</b>	<b>445</b>	<b>-</b>	<b>29 849</b>





**34. Immovable tangible capital assets**

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

	Opening balance R'000	Curr Year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Buildings and other fixed structures</b>	-	-	<b>417 785</b>	<b>412 934</b>	<b>4 851</b>
Non-residential buildings	-	-	412 934	412 934	-
Other fixed structures	-	-	4 851	-	4 851
<b>Total immovable tangible capital assets</b>	<b>-</b>	<b>-</b>	<b>417 785</b>	<b>412 934</b>	<b>4 851</b>

**34.1 Additions**

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

	Cash R'000	Non-cash R'000	(Capital work in progress current costs and finance lease payments) R'000	Received current not paid (Paid current year received prior year) R'000	Total R'000
<b>Building and other fixed structures</b>	<b>416 823</b>	-	-	<b>962</b>	<b>417 785</b>
Non-residential buildings	412 934	-	-	-	412 934
Other fixed structures	3 889	-	-	962	4 851
<b>Total additions to immovable tangible capital assets</b>	<b>416 823</b>	<b>-</b>	<b>-</b>	<b>962</b>	<b>417 785</b>



### 34.2 Disposals

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

	Sold for cash R'000	Transferred out or destroyed or scrapped R'000	Total disposals R'000	Cash received actual R'000
<b>Buildings and other fixed structures</b>		<b>412 934</b>	<b>412 934</b>	-
Non-residential buildings		412 934	412 934	-
<b>Total disposals of immovable tangible capital assets</b>		<b>412 934</b>	<b>412 934</b>	-

### 34.3 Movement for 2007/08

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Buildings and other fixed structures</b>	-	<b>296 148</b>	<b>296 148</b>	-
Dwellings	-	11 106	11 106	-
Non-residential buildings	-	285 042	285 042	-
<b>Total immovable tangible assets</b>	-	<b>296 148</b>	<b>296 148</b>	-



12. Annexures to the Annual Financial Statements for the year ended 31 March 2009

Annexure 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

Name of Municipality	Grant allocation				Transfer		Spent			2007/08
	Amount	Roll-overs	Adjustments	Total available	Actual transfer	% Of available funds transferred	Amount received by municipality	Amount spent by municipality	% Of available funds spent by municipality	Total available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Provincial department fines and penalties	-	-	-	-	2	-	-	-	-	-
Provincial department vehicle licences	-	-	-	-	2	-	-	-	-	-
	-	-	-	-	4	-	-	-	-	-

Annexure 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Department/Agency/Account	Transfer allocation				Transfer		2007/08
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% Of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Human Rights Commission	60 603	-	-	60 603	60 603	100.0	55 281
Legal Aid Board	842 120	-	(4 000)	838 120	838 120	100.0	613 029
Special Investigating Unit	116 297	-	-	116 297	116 297	100.0	103 111
Commission on Gender Equality	46 193	-	-	46 193	46 193	100.0	39 745
Public Protector	86 475	-	-	86 475	86 475	100.0	78 722
Representative Political Parties' Fund	88 187	-	-	88 187	88 187	100.0	83 354
President's Fund	1	-	-	1	-	-	1
Education, Training and Development Practice Sectoral Authority	4 421	-	-	4 421	3 008	68.0	4 211
	1 244 297	-	(4 000)	1 240 297	1 238 883		977 454



## Annexure 1C

## STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	Transfer allocation				Expenditure		2007/08
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% Of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Foreign Government/ International organisation</b>							
<b>Transfers</b>							
Subscription fees: International Criminal Court	4 240	-	839	5 079	5 084	100	4 220
	<b>4 240</b>	<b>-</b>	<b>839</b>	<b>5 079</b>	<b>5 084</b>		<b>4 220</b>
<b>Total</b>	<b>4 240</b>	<b>-</b>	<b>839</b>	<b>5 079</b>	<b>5 084</b>		<b>4 220</b>

## Annexure 1D

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

	Transfer allocation				Expenditure		2007/08
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Households</b>							
<b>Transfers</b>							
Household: Employee Social benefit	81 738	-	(1 607)	80 131	61 624	77	74 725
Household: Claims against the state	327	-	1 588	1 915	1 915	100	496
Household: Ex gratia payments	30	-	19	49	49	100	129
Household: State vehicles and car rentals	-	-	-	-	-		44
<b>Total</b>	<b>82 095</b>	<b>-</b>	<b>0</b>	<b>82 095</b>	<b>63 588</b>		<b>75 394</b>
<b>Total</b>	<b>82 095</b>	<b>-</b>	<b>0</b>	<b>82 095</b>	<b>63 588</b>		<b>75 394</b>



## Part 4: Annual Financial Statements (Vote 21)

### Annexure 1E

#### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2008/09	2007/08
		R'000	R'000
<b>Received in cash</b>			
Law Society	Improving library facilities – North West	5	5
City of Cape Town	Funding of municipal courts	-	1
Donations and gifts	Children's christmas party	-	11
Law Society	Donation	5	-
<b>Subtotal</b>		<b>10</b>	<b>17</b>
<b>Received in kind</b>			
Mosiak Church	Upgrading of children's intermediary, awaiting and interrogation rooms	12	15
Patch	Magistrate Strand – TV and DVD player	3	-
Parsons Home Appliances	Magistrate Kimberley – DVD player	1	-
CN Business KBY	Magistrate Colesberg – DVD player	25	-
Fidelity Security	Catering for golf day event	3	-
Amar Africa	Catering for golf day event	1	-
<b>Subtotal</b>		<b>45</b>	<b>15</b>
<b>Total</b>		<b>55</b>	<b>32</b>

### Annexure 1F

#### STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening			Closing
		Balance	Revenue	Expenditure	Balance
		R'000	R'000	R'000	R'000
<b>Received in cash</b>					
European Union	e-Justice Programme – Sectoral Budget Support: Information technology Transformation in the department	10 567	-	-	10 567
Ireland	Re-engineering business processes in the master's offices and selected magistrate's courts	2 185	-	*2 185	
Swiss Fund	Improving the accessibility of small claims courts	1 762	1 099	607	2 254
<b>Total</b>		<b>14 514</b>	<b>1 099</b>	<b>2 792</b>	<b>12 821</b>

\* The amount of R2 185 000 for Ireland disclosed as expenditure is not actual expenditure, but rather a transfer to National Treasury's RDP fund.



## Annexure 1G

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE, AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

Nature of gift, donation or sponsorship	2008/09	2007/08
	R'000	R'000
<b>Made in kind</b>		
Western Cape – Judge Howie farewell gift	3	-
Western Cape – Chief Magistrate HAJ Swart farewell gift	1	-
<b>Total</b>	<b>4</b>	<b>-</b>

## Annexure 3A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees drawn down during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable, ie claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	<b>Motor vehicles</b>	-	315	-	90	(96)	129	-	-
	<b>Subtotal</b>	-	<b>315</b>	-	<b>90</b>	<b>(96)</b>	<b>129</b>	-	-
	<b>Housing</b>								
	Standard Bank	-	3 030	-	658	-	2 372	-	-
	Nedbank Limited	-	2 684	-	629	-	2 055	-	-
	Firststrand Bank Ltd	-	1 599	-	487	40	1 152	-	-
	ABSA	-	5 307	-	1 863	105	3 549	-	-
	Peoples Bank Incorp	-	509	-	107	-	402	-	-
	FNB	-	729	-	246	56	539	-	-
	Old Mutual Bank	-	2 106	-	807	17	1 316	-	-
	Other	-	1 057	-	249	20	828	-	-
	<b>Subtotal</b>	-	<b>17 021</b>	-	<b>5 046</b>	<b>238</b>	<b>12 213</b>	-	-
<b>Total</b>	-	<b>17 336</b>	-	<b>5 136</b>	<b>142</b>	<b>12 342</b>	-	-	



## Part 4: Annual Financial Statements (Vote 21)

### Annexure 3B

#### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009

Nature of Liability	Opening balance 01/04/2008	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31/03/2009
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Summonses	3 004 932	661 467	181 402	-	3 484 997
Litigation	-	3 073	3 073	-	-
	<b>3 004 932</b>	<b>664 540</b>	<b>184 475</b>	<b>-</b>	<b>3 484 997</b>
<b>Other</b>					
Third Party Fund fraud, theft, losses and dishonoured cheques	-	41 555	-	-	41 555
	<b>-</b>	<b>41 555</b>	<b>-</b>	<b>-</b>	<b>41 555</b>
<b>Total</b>	<b>3 004 932</b>	<b>706 095</b>	<b>184 475</b>	<b>-</b>	<b>3 526 552</b>

\* Amounts disclosed as "Claims against the department" are disclosed at the best known value available to the department and in the majority of cases are the value of the summons issued against the department. The amount disclosed is therefore not necessarily the most likely amount the court will settle on.

### Annexure 4

#### CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
National department	107 855	69 005	5 572	2 167	113 427	71 172
Eastern Cape	30 559	19 222	142	2 044	30 701	21 266
Free State	4 223	2 928	50	5	4 273	2 933
Gauteng	12 041	6 631	271	292	12 312	6 923
KwaZulu-Natal	2 239	1 715	60	108	2 299	1 823
Mpumalanga	3 329	2 148	2 110	436	5 439	2 584
Northern Cape	1 444	225	275	427	1 719	652
Limpopo	12 891	5 683	979	1 218	13 870	6 901
North West	6 787	2 493	183	765	6 970	3 258
Western Cape	1 643	790	412	42	2 055	832
Agency Services Control Account	-	-	38	-	38	-
Sal: Recoverable	480	415	299	119	779	534
<b>Total</b>	<b>183 491</b>	<b>111 255</b>	<b>10 391</b>	<b>7 623</b>	<b>193 882</b>	<b>118 878</b>



Annexure 5  
INTERGOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Transport (GG) Western Cape	1 252	1 648	8 344	8 165	9 596	9 813
Government Communications	-	24	-	-	-	24
SAPS	5	77	76	82	81	159
Office Premier Limpopo	-	1	-	-	-	1
Public Service Commission	-	11	-	-	-	11
Home Affairs	-	20	-	3	-	23
Trade and Industry	-	15	-	-	-	15
Agriculture	-	9	-	-	-	9
NW Provincial Administration	21	1	-	-	21	1
Transport (GG) KZN	-	603	-	10 868	-	11 471
Department of Foreign Affairs	742	-	2 006	2 557	2 748	2 557
Department of Public Works	46 478	18 982	-	14 925	46 478	33 907
Transport (GG) Gauteng	15 163	7 022	121	130	15 284	7 152
Department of Health	12	13	-	-	12	13
Mineral and Energy	-	-	-	5	-	5
Education EC	13	-	-	-	13	-
Arts and Culture National	13	-	-	-	13	-
Agriculture	2	-	40	-	42	-
Education FS	13	-	-	-	13	-
Social Development	6	-	-	-	6	-
Social Development FS	-	-	22	-	22	-
Labour	57	-	-	-	57	-
Water Affairs and Forestry	46	-	-	-	46	-
Public Service and Administration	5	-	-	-	5	-
Public Works FS	-	-	6	-	6	-
Office of the Premier	-	-	4	-	4	-
Arts and Culture FS	-	-	26	-	26	-
Health EC	-	-	38	-	38	-
<b>Total</b>	<b>63 828</b>	<b>28 426</b>	<b>10 683</b>	<b>36 735</b>	<b>74 511</b>	<b>65 161</b>
<b>OTHER GOVERNMENT ENTITY</b>						
<b>Current</b>						
National Revenue Fund (TPF)*	15 533	-	-	-	15 533	-
<b>Total</b>	<b>15 533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 533</b>	<b>-</b>

\* Accrual for Third Party Funds administered revenue still to be paid from the vote account to the National Revenue Fund. Previous year's accrual is not available.

