

Annual Financial Statements 2003/04

Annual Financial Statements 2003/04 department of justice and constitutional development

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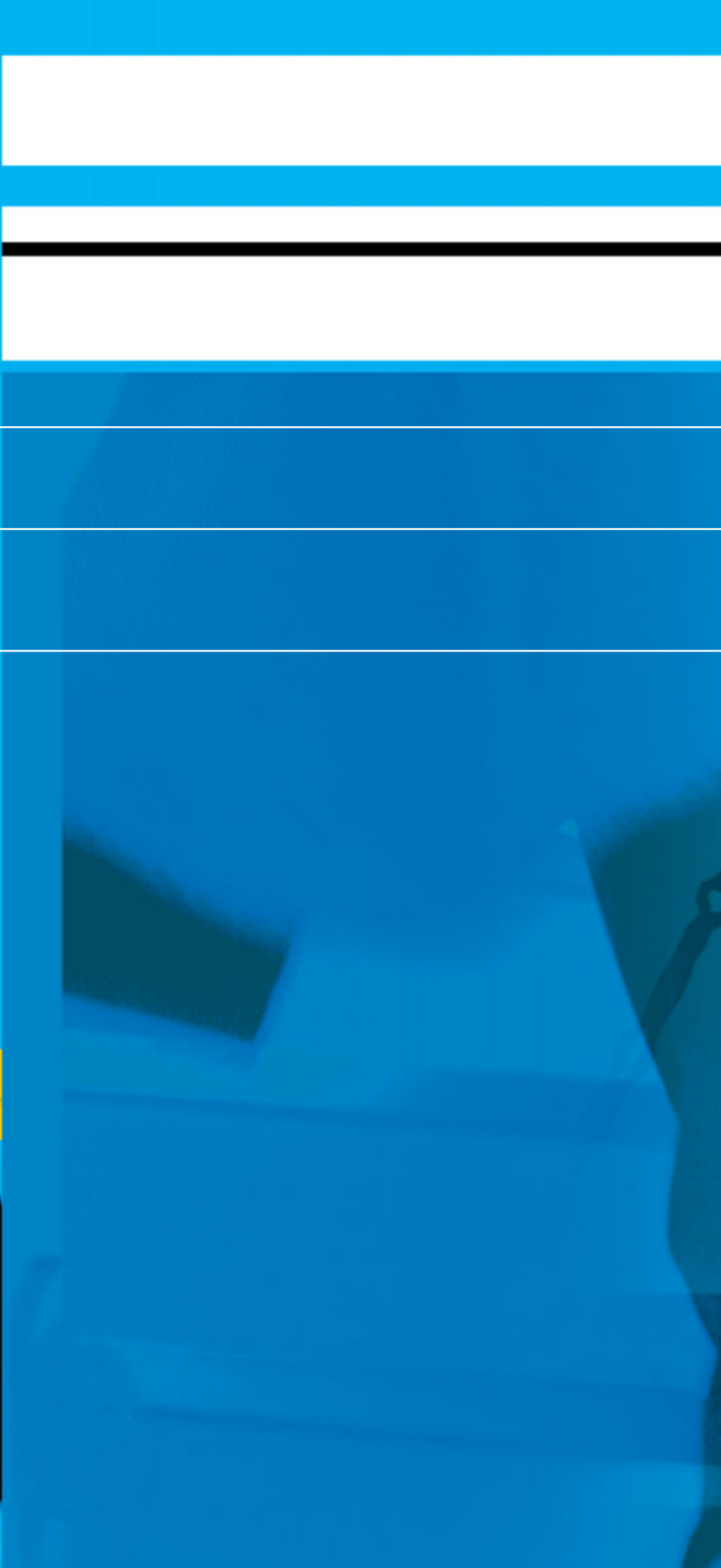
department of justice and constitutional development



Part 4 Annual Financial Statements

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Part A

Department of Justice and Constitutional Development (Excl. NPA)

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Department of Justice and Constitutional Development - Vote 24



MANAGEMENT REPORT for the year ended 31 MARCH 2004

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

1. General review of the state of Financial Affairs

The following is a comparison between the previous and the current financial year's financial performance:

A. VOTED FUNDS RECEIVED BY THE DEPARTMENT (Excluding National Prosecution Authority)

	2003/04 R '000	2002/03 R '000
Appropriated amount	3,491,333	3,303,258
Virement (NPA)	17,959	11,806
Total amount appropriated	3,509,292	3,315,064
Less total expenditure	3,504,493	3,396,939
Surplus / (Excess) to be surrendered	4,799	(81,875)

The department had an initial saving of R68 million, which was utilised to write off irrecoverable amounts relating to suspense accounts. The balance of the write-off will be effected over the next two financial years.

B. STATUTORY APPROPRIATION (Judges salaries and allowances)

	2003/04 R '000	2002/03 R '000
Appropriated amount	166,278	154,318
Total amount appropriated	166,278	154,318
Less total expenditure	195,327	175,296
Over-expenditure to be funded by National Treasury	(29,049)	(20,978)

C. FOREIGN AID ASSISTANCE (Including RDP funds)

	2003/04 R '000	2002/03 R '000
Assistance rolled over from previous year	90,921	34,218
Grants received during the financial year	6,976	162,172
Total amount received	97,897	196,390
Less amount repaid to donor	1,332	0
Less total expenditure	71,593	105,469
Closing balance	24,972	90,921

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D. REVENUE

	2003/04 R '000	2002/03 R '000
Opening balance	8,725	20,170
Revenue generated	190,646	117,122
Total revenue generated	199,371	137,292
Less revenue paid to SARS	190,613	128,567
Surplus to be surrendered to SARS	8,758	8,725

The following significant events and major projects took place or were undertaken during the year under review:

- The Re Aga Boswa ("We are re-building") project has been fully implemented in KwaZulu Natal. Roll-out to Gauteng, Free State and Northern Cape is taking place as from 1 May 2004.
- A Constitutional Litigation and a Legislative Drafting Unit has been established.
- The security at courts and protection of judicial officers were increased as a result of threats and / or death the of judicial officers.
- Further improvements were made in addressing the needs of vulnerable groups such as women, children, youth, the disabled, the elderly and victims or survivors of crime.
- Three One Stop Child Justice Centres were established and an Interim Protocol for Children Awaiting Trial was implemented. Both the Child Justice Bill and the Children's Bill are receiving attention in the Portfolio Committees of Justice and Constitutional Development; and Social Development.
- Maintenance Investigators were appointed at Hot Spot Maintenance Courts.
- The Family Advocates' services have been extended to include Domestic Violence and Maintenance matters and additional Family Advocates have been appointed in previously disadvantaged and rural areas.
- The implementation of Integrated Support Centres (Call Centres) is to provide comprehensive technical back-up and assistance to employees. The centres aim to speed up turnaround times to resolve technical issues that will improve workflow and productivity.
- Further meaningful implementation of improvements to the Maintenance Act, 1998, from a legislative perspective, with

particular reference to maintenance investigators and the civil execution in respect of arrear maintenance, occurred.

- Comprehensive legislation has to address corruption in all its manifestations was enacted.

2. Services rendered by the department

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.

Free services:

- Administration of 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 who renders a free service at a magistrate's court.
- A number of free services relating to activities in the Masters' Offices include:
 - Estate Duty Taxation
 - Administration Services
 - Archive Services
 - Inspection Services
 - Various legal and financial services are rendered by the Department on behalf of other government departments in terms of the cooperative requirements of the Constitution of South Africa.
- 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.



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- Legal advice and assistance are being given at Maintenance Courts, Regional Offices and National Office.

3. Capacity constraints

Vacant posts and skills shortages covering the broad spectrum of specialisation in the various business units and selected inadequate funding at a court level has continued to affect the department's operations and have adversely affected the service delivery capacity of the department. The department had to continue to outsource services to consultants to assist with the rollout of programmes. Hence, much reliance was placed on consultants for the completion of programmes. Various interventions including training programmes continue to be undertaken to mitigate the above.

4. Utilisation of donor funds

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

Projects funded through donations during the financial year under review are as follows:

Donor	Project	Short description
Finnish Government	National Lower Court Management System	Funds granted have been utilised for the implementation of the Judicial, Administration and Prosecutorial manuals in the lower courts throughout the country. The funds were utilised for training sessions/ workshops/ seminars on the manuals as well as for a workshop on the Restructuring of Lower Courts. This grant was received during the 1998/99 financial year through the Adjustment Estimate and will therefore not be reflected in note 3 (Local and foreign aid assistance) to the Annual Financial Statements of the Department. The expenditure is included in the income statement of the Department.
Ireland	Citizen's Advice Desk	To support the Development of a Human Rights Culture in South Africa, to transform the System of Justice and promote the Growth of Open Government.
Radda Barnen (Save the Children – Sweden)	Sexual Offences Against Children	Funds were utilised mainly in order to facilitate the South African Law Commission's consultation processes in its investigation into sexual offences. Several briefing sessions and workshops were held.
	Child Participation	Linked to the SA Law Commission's investigation into the review of the Child Care Act and has as its principal objective the active participation of children in the law review process.
Danish Government	Corporate Planning Team	The Unit was primarily responsible for negotiating and sourcing funding from the international and local donor communities in an effort to gain financial support for the start-up and gradual realisation of the Department's strategic objectives.
	Policy Advisory Task Unit	This Unit was established to further the policy work around transformation initiated by the Planning Unit. It coordinates and spearheads the development of policy documents. The focus was on specific areas such as Legal Aid, Transformation of Courts and the Legal Profession.

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<p>Government of Sweden – SIDA</p>	<p>Capacity building in the Field of Children and Justice – Outreach Programme</p> <p>Implementation of Legislation pertaining to Children</p> <p>Preliminary Inquiry</p> <p>One-Stop Service Centres</p>	<p>The purpose of this programme is to provide assistance to the Department on the improvement of the Criminal Justice System in relation to children's issues, and to develop adequate responses to young offenders with a view to ensuring that the best interests of the child are protected.</p>
<p>Canada</p>	<p>Justice-Canada Linkage Project</p>	<p>Funds are earmarked for the training of judicial officers in the Lower Courts, which are not only experiencing an operational crisis, but which serve the majority of the people.</p>
<p>Netherlands Government</p>	<p>Sectoral Support</p>	<p>The long-term objective of the programme is to contribute to the democratic development of the South African society, as well as towards poverty alleviation within the marginalised groups of our society.</p>
<p>French Embassy</p>	<p>Restructuring of the Judiciary</p>	<p>The aim of this donation is to provide a number of legal textbooks to disadvantaged rural magistrate's offices and to arrange a series of judicial conferences on important aspects of the South African Criminal Procedure as part of the ongoing training initiatives of the Justice College.</p>
<p>USAID</p>	<p>Tutor programme for Magistrates and Prosecutors – Justice College</p> <p>Capacity building for effective implementation of the promotion of equality and prevention of unfair discrimination</p>	<p>Funds were utilised for salaries and for subsistence and travelling allowances for the tutors to enable them to proceed from office to office to carry out the duties of training magistrates and prosecutors.</p> <p>The project was set up to provide capacity-building, focusing on education and training for the effective implementation of the Promotion of Equality and Prevention of Unfair Discrimination Act No 4 of 2000. Due to limited funding the core activities of the capacity-building project were narrowed down to Judicial Education (for Judges and Magistrates) and Paralegal Training for Clerks of Court and Registrars of the High Court, with a view to building adequate capacity for the effective and responsive implementation of the Promotion of Equality Act.</p>
<p>EU Foundation</p>	<p>EU Human Rights Programme</p>	<p>The grant was received to finalise volumes 6 and 7 of the Truth and Reconciliation Report.</p>
<p>Commission of European Community</p>	<p>Sectoral Budget Support</p>	<p>The long-term objective of the programme is to contribute to the democratic development of the South African society, as well as towards poverty alleviation within the marginalised groups of our society.</p>
<p>Denmark</p>	<p>Training of Maintenance Officers</p>	<p>Training of all occupational groups in the Department dealing with maintenance matters in order to enhance efficiency, promote a culture of service delivery and to develop skills, expand knowledge and change the attitudes of those working within the context of the South African maintenance system.</p>

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	Training of Court Interpreters	In a country with eleven official languages and a Bill of Rights that enshrines the right of a person to use the language of his/her choice in court, interpreters play an important role in efficient court management and the smooth running of a court. It needs to be ensured that people who are pivotal to a fair trial are well trained and sensitized to stereotyping in terms of race, gender, cultural and Child Law issues. The training includes basic / orientation training, professional development training (updates and re-enforcement of best practice policies) and specialist training.
	Training of Civil Magistrates, Prosecutors and Clerks on the contents of the Domestic Violence Act	To capacitate Magistrates, Prosecutors and Clerks in order to implement the Act effectively. This will benefit the community, victims of domestic violence, including women and children.
	Fast track training of Civil Magistrates	The training is geared to capacitate Magistrates to deal efficiently with issues of debt collections, emolument attachment and administration orders in the interest of poverty alleviation.
Swiss Agency	16 Days of Activism Campaign on No Violence Against Women and Children	To generate increased awareness about violence directed at women and children, how it manifests itself in our society and the negative impact it has on the development of these vulnerable groups.

5. Trading entities / Public entities

The following Public Entities are part of this budget vote:

**a. Legal Aid Board (Schedule 3 – National Public Entity)
– Established under the Legal Aid Board Act, No 22 of 1969.**

The Legal Aid Board (LAB) provides legal representation to the indigent. It carries out Government's obligation to ensure that the constitutional rights of accused persons in criminal cases are secured. The method of delivery of legal aid services has proved to be unacceptably expensive and cumbersome to administer. For this reason, the briefing of legal professionals has been scaled down and replaced with the delivery of services by salaried employees in legal aid clinics, advice offices and public defender offices. With effect from 31 May 2001 there has no longer been a filter mechanism between Lower Courts and the High Courts in respect of criminal appeals. Every accused person convicted in a magistrates court has an automatic right of appeal to the High Court. It is estimated that in excess of 100 000 people qualify for legal aid for a criminal appeal per year. The Legal Aid Board renders legal aid in terms of the Constitution.

The chairperson of the Legal Aid Board is Judge D Mlambo and the accounting officer is Mrs V Vedalankar.

**b. Special Investigating Unit
– Established under the Special Investigating Units and Special Tribunals Act, No 74 of 1996.**

The Unit investigates cases of corruption, fraud and maladministration that have been referred to it by the President. Upon completion of an investigation the Unit can institute civil action in the Special Tribunal in order to recover, protect or save state assets and state monies that have been, or could be, misappropriated or misused.

The Unit works closely with all other bodies, both national and provincial, such as the South African Police Services, the Public Protector, the Investigating Directorate: Serious Economic Offences, the National Prosecuting Authority, the Office of the Auditor-General, the Public Service Commission, the National Intelligence Agency, South African Revenue Services and the Independent Complaints Directorate. In addition to this the Unit also has close links to NGOs and international organisations, while also providing information and assistance to international law enforcement agencies.



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for the year ended 31 MARCH 2004

Mr. Willie Hofmeyr is the Accounting Officer and the Head of the Unit.

The Department effects transfer payments to these Public Entities which maintain their own financial records. They are responsible for their own annual report (including audited annual financial statements), which must be submitted to the Executive Authority for tabling in the National Assembly.

6. Other organisations to whom transfer payments have been made

a. Commission on Gender Equality (Constitutional Institution)

– The Commission promotes gender equality.

b. Public Protector (Constitutional Institution)

– The Public Protector promotes investigations to expose, counteract or rectify maladministration, abuse of power, improper prejudice occasioned by administrative decisions and improper use of, or corruption, in respect of state funds.

c. South African Human Rights Commission (Constitutional Institution)

– The Commission promotes compliance with the Bill of Rights.

d. President's Fund

– The fund gives effect to the reparations policy flowing from the work of the Truth and Reconciliation Committee. This Fund is not listed in the PFMA schedules, as it is temporary in nature.

e. Represented Political Parties Funds (Independent Electoral Commission)

– The Fund makes provision for the funding of political parties participating in Parliament and provincial legislatures; to provide for the management of that Fund by the Electoral Commission and for accountability regarding that Fund; to regulate the allocation of moneys from that Fund and the purpose for which allocated moneys may be used by political parties; and to provide for incidental matters.

The above Institutions report on their financial results independently from the Department of Justice and Constitutional Development.

7. Public / Private Partnership (PPP) – Management of Monies in Trust

The PPP project is at the stage of finalising researched options (TA 1). The essence of the recommended option sees the appointment of receiving agents (conventional banks, retail stores, ATM's etc.) to collect money on behalf of

beneficiaries. These monies are proposed to be directed to payment agents (again banks, stores etc.) who pay the money to the beneficiaries. A free of bank charges option is to be available to beneficiaries as is the option to use own banking arrangements at own cost. Thus beneficiaries elect whether or not they want own services at own cost or arranged free services. Queries from the public are proposed to be dealt with by a national call centre that is informed by a database. The database is informed by information sent by all courts as well as by all receiving and payment agents. In terms of the proposed option, the call centre and database functionality is to be transferred back to the Department over time.

8. Corporate governance arrangements Fraud Policies

The department has an integrated anti-corruption and fraud prevention plan based a fraud risk assessment. Every business unit individually and collectively plays a role in identifying, evaluating and mitigating the risks of fraud. The department has put systems and processes in place to deal with matters of fraud and corruption and has taken a zero tolerance approach in this regard.

The Department's anti-fraud and corruption plan is integrated with governance, management policies and procedures and other measures designed to mitigate fraud.

The need for a forensic investigating unit was established and agreed but insufficient funding exists for its continuing operation.

Internal Audit and Audit Committee

The Department's Internal Audit Chief Directorate operates in accordance with the PFMA and the applicable Treasury Regulations. The Internal Audit Chief Directorate conducts the unit's business in accordance with the standards of professional practice pronounced by the Institute of Internal Auditors.

Internal audit focuses mainly on providing assurances and advice to the Department on matters pertaining to governance, risk management and control processes. The internal auditors on a quarterly basis reports to the Audit Committee. The Audit Committee comprise of members drawn from outside the public service. They place reliance on the work done by internal audit. The Audit Committee meets regularly and has unrestricted access to both information and personnel within the Department.

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MANAGEMENT REPORT for the year ended 31 MARCH 2004

Risk Management Strategy

The Department has on a continuous basis conducted risk assessments to identify, evaluate, prioritise, and develop measures to mitigate the risks. Business processes, systems, technology, together with human resources are evaluated and measures are implemented to ensure that priority risk areas are addressed.

Other Committees

The Department has the following Committees:

- The Justice Board
- Executive Management Committee
- Budget Review Committee
- Remuneration Committee

9. Events after the reporting date

No events have taken place between the date of the financial year-end and the date of the approval of the report, which could materially affect the state of the financial affairs of the department.

10. Progress with financial management improvements

The focus of the Performance Enhancement Programme (PEP) in relation to the Vote Account, remains the NAQ (No Audit Qualifications) initiative / programme.

As mentioned in my previous report, the improvement of the financial management capacity of the Department must be driven from the bottom up. This is being done through the implementation of a financial services franchise concept to Business Units by way of implementing a uniform standards manual. This process supports the Re Aga Boswa project ("We are re-building") under the auspices of the Court Services Business Unit. The Business Unit franchise concept transfers much of the responsibility for front line financial record keeping, budgetary accounting, budget formulation and execution to business units. It has recently been decided to formally delegate defined responsibilities to business units to enable me and our CFO to meet our obligations as imposed by the PFMA and the National Treasury Regulations. These delegations will replace the previously mentioned specification of Service Level Agreements (SLA's) with business units in the areas of Transaction Processing (Vote Account, Monies in Trust, Donor Funds and Payroll matters).

Financial management improvements during the year under review, include:

- Implementation of the transversal financial management system, BAS on 1 April 2004. This implementation did not go without its teething problems but I am happy to report that most implementation difficulties, except system connectivity reliability, have been resolved. Training initiatives are ongoing countrywide.
- Implementation of a new Procurement Solution on 1 April 2004. The software package was written and developed by the Office of the CFO. This solution provides catalogue buying (Justice Yellow Pages), commitment accounting enabling budget control, strict application of authorisations in terms of delegations, and asset management capability in accordance with the Asset Management Guidelines issued by National Treasury. Again, training initiatives are ongoing countrywide.
- The Justice Asset Management project (JAM) has experienced implementation delays. Asset management is the responsibility of all officials. Current projections indicate that the asset capturing process will be completed by July 2004.
- Capacity building projects are ongoing to uplift the financial management skills of finance functionaries. On-job training videos (DVD's) covering Transaction Processing Manuals (Governor Brown range on Vote Account and Trust Account) have been released in Xhosa, Zulu, English and Afrikaans.
- Accredited Management Development Programmes have been established to enhance the performance of finance managers.
- Finalising the reporting calendar to be used by the Transaction Processing Monitoring Unit (TPMU) who report on the status of transaction processing on a month-to-month basis.
- Budget management is being hampered by long standing critical vacancies. A significant impact of the lack of capacity is the delay in the implementation of the Justice Footprint right-sizing initiative. This means that current budgets at a court level are in a large number of instances unrealistic with the result that budgetary control is not exercised.
- Addressing the implementation of reengineered financial business processes by the finalisation of the individual performance agreements. These performance agreements support the newly developed process driven organisational structure.



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for the year ended 31 MARCH 2004

11. Performance information

The Department compiled a Five Year Strategy detailing how the Department's Constitutional mandate of delivering Justice offerings to the nation was to fit in with the mandate of the government of the day. The government mandate is:

"To build a united, anti-racial and anti-sexist, prosperous and democratic South Africa to ensure a better life for all"

The Departmental Strategy predicated its plan to deliver on this mandate on two Key Strategic Result Areas (KSRA), namely:

- (1) Ensuring access to justice for all, and
- (2) Transforming Justice systems. Each KSRA has its own Key Strategic Performance Areas (KSPA).

The Department further compiled a MTSF which was based on the business plans of the business units. The business plan covered a three year period (the Medium Term of Strategy) and was predicated on both the KSRA and KSPA. The business plans detailed the programmes engaged in to carry out the mandate of the Department. Further, the components of business units were required to draw up annual action plans, detailing the projects they engage in implementing the programmes of the business plans.

Both the business plans and action plans include details of resources needed to achieve the intended results, as well as timeframes and measurable expected outcomes. Components through their business units reported quarterly on the progress they made in implementing their action plans. These reports included the expenditure of resources against expected outcomes and timeframes, as well as the analysis of setbacks and deviations from planned outcomes.

Other matters quarterly reported upon include information on outsourcing of services, engagement of consultants, acquisitions of skills, risk management and compliance with equity regulation. These quarterly reports formed the basis for monitoring service delivery in the Department, in line with government policy.

Each quarter the Technical Committee (TECHCOM) of the Executive Committee (EXCO) of the Department evaluates the quarterly reports and prepares a performance evaluation for EXCO. EXCO then decides upon remedial action required or commendation as the need arises.

At the end of the year each business unit holds its own Makgotla (Gathering of different groups) to evaluate its performance in the light of the evaluation of the quarterly reports. The Makgotla serve as preparations for the Departmental

Lekgotla (Gathering of one group) in which the reports of the Makgotla, serve as a basis for evaluating Departmental Performance.

In this Departmental Lekgotla, in addition to evaluating Departmental performance, the MTSF is reviewed and new long-term priorities were brainstormed. All the Makgotla are attended by relevant Senior Managers (from Director upwards). The Lekgotla that coincides with the last year of the term of government serves as forum for broad strategic review - evaluating the five years ending, and setting strategic priorities for the following five years.

In addition to reports furnished to EXCO and the Executing Authority they are also submitted to the Board of the Department. This serves as an independent verifier to the process.

The year 2003/4 was the first of the conception and execution of this process and, as such, the process is yet untested.

It should be emphasised that the monitoring process primarily checks the pace of progress in implementing declared objectives. Entailed in this process is the monitoring of expenditure against performance. The evaluating process checks the impact the activities are having on intended customers. Both the KSRA and KSPA are crucial in this process.

12. Outstanding balances on suspense accounts

Significant progress was made with the clearance of suspense accounts during the 2003/2004 financial year. All amounts in suspense and disallowance accounts are followed-up on a daily basis and monthly reconciliations are being performed as envisaged per the PFMA and National Treasury Regulations (NTR). The clearance process is hampered by the fact that client departments (agency services) do not reimburse this department within the prescribed period as per the NTR.

A legal opinion obtained on 28 March 2002 confirmed that the rendering of these services on behalf of client departments may not be terminated as this function is, inter alia, performed to comply to the requirements per the Constitution dealing with Co-operative Government. It was decided that the signing of Service level agreements will be an appropriate instrument to address this matter and related difficulties currently experienced by this department.

Long outstanding and irrecoverable amounts in these accounts (mainly relating to Agency Services rendered on behalf of other government entities), have to be cleared / written-off subject to the availability of savings / surplus funds.



MANAGEMENT REPORT
for the year ended 31 MARCH 2004

In summary, irrecoverable amounts relate mainly to agency services rendered on behalf of other government entities, but for which recovery is no longer possible as supporting documentation has been destroyed. Several years of investigative work and numerous task teams have been deployed to find the necessary supporting documentation, with no beneficial results.

An amount of R95,5 million remains to be irrecoverable but for which the write-off could not be effected during the 2003/04 financial year due to the restriction mentioned above.

**13. National Prosecuting Authority
(NPA – Programme 4) – Separate responsibility**

The NPA assumed separate responsibility with effect from 1 April 2001 for all support services previously rendered by the Department. The NPA has since this date been responsible for their own accounting systems and therefore separate financial statements have, as was the case last year, been prepared for the NPA as a whole. These financial statements are incorporated into the Department's consolidated financial statements by agreement with the National Treasury, the Office of the Auditor-General and the Department.

The annual financial statements set out on pages 15 to 62 have been approved by the Accounting Officer.

Adv. V. Pikoli
Director-General: Justice and Constitutional Development
Date: 28/07/04



REPORT OF THE AUDITOR-GENERAL

for the year ended 31 MARCH 2004



AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 24 – THE DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT for the year ended 31 MARCH 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 15 to 62, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Justice and Constitutional Development at 31 March 2004 and

the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act (Act No. 1 of 1999)

4. EMPHASIS OF MATTER

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

4.1 Fixed assets

The evaluation of the department's asset management identified the following shortcomings in the control over assets due to non-compliance with policies and procedures:

- Asset and inventory registers have not always been updated to reflect disposals, transfers, purchases, damaged assets and obsolete items.
- Asset counts are not always performed regularly.
- Assets are not always uniquely marked, resulting in an inability to identify specific assets for verification purposes.

4.2 Suspense accounts

4.2.1 Suspense account age analysis

As reflected in note 15 to the financial statements, transactions totalling R244 million (2003: R403 million) had been uncleared for more than a year resulting in non-compliance with Treasury Regulation 17.1. Uncertainty exists with regard to the recoverability of these long outstanding amounts.

The department has reached an agreement with the National Treasury to write-off the unsupported transactions mentioned below over the forthcoming financial years when surplus funding is available. The department has during the financial year under review, written off unsupported agency transactions amounting to R101 million.

Included in the balance of R244 million are receivables and expenditure transactions amounting to R96 million (2003: R201 million).

- These transactions will have to be written-off as the nature of the transaction is uncertain and are not supported by source documentation.

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REPORT OF THE AUDITOR-GENERAL

for the year ended 31 MARCH 2004



- The reallocation of the transactions to expenditure accounts could not be done;
- the debtor to whom the debt should be recovered from could not be identified, or
- the debt could not be substantiated.

4.2.2 Agency services

The department provides various agency services to client departments, which are subsequently required to reimburse the department for costs incurred. The outstanding balance to be recovered as at year-end amounted to R254 million.

The department has not entered into service level agreements with the client departments to ensure that all obligations and responsibilities relating to cost implications, re-payment period and limitations on the extent of the service are confirmed prior to the service being rendered.

4.3 Disclosure notes to the annual financial statements

The audit of the department's method to quantify the amounts in the disclosure notes identified the following weaknesses:

4.3.1 Leave entitlement

Due to non-compliance with policies and procedures, leave taken was not captured on PERSAL, or leave forms were not available for review which may have an impact on the completeness and accuracy of leave balances as disclosed.

4.3.2 Contingent Liabilities – Housing Guarantees

The department has not obtained confirmations from financial institutions to ensure that all financial guarantees issued have been identified and completely recorded on annexure 2 of the financial statements.

4.4 Financial management

My evaluation of financial management in the department identified the following continued inefficiencies in controls, due to non-compliance with policies and procedures:

- Non-compliance with Treasury Regulation 8.2.3, where invoices totalling R7,5 million were paid after 30 days.
- Inadequate document control, with the result that documentation amounting to R7,8 million was not submitted for audit purposes.

4.5 Donor funding

Evaluation of donor project management relating to the E-Justice Programme, which represents 91% of donor funded expenditure that was incurred during the year, identified the following weaknesses:

- Project objectives were not measured against milestones as defined in the donor agreements.
- Policy programmes were not approved by the Minister as required by the European Union donor agreement.
- Progress reports were not submitted to the donor in terms of the agreed deadlines.
- Amendments to or deviations from the donor agreements were not confirmed with the donor in writing.
- The interest earned on donor funds in the Reconstruction and Development Plan fund account was not requested from the National Treasury for utilisation during the financial year.

This is due to a lack of defined policies and procedures in respect of donor funding.

5. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The department has reacted favourably to the SCOPA resolutions, however, corrective actions to resolve the issues may take more than one year.

The department has finalised four of the eleven items reported on in the financial year ending 31 March 2001 and is currently in the process to address the other outstanding items. For more detail refer to Annexure A.

6. APPRECIATION

The assistance rendered by the staff of the Department of Justice and Constitutional Development during the audit is sincerely appreciated.

S. A Fakie
Auditor-General

Pretoria

29/07/04



REPORT OF THE AUDITOR-GENERAL

for the year ended 31 MARCH 2004



AUDITOR-GENERAL

ANNEXURE A

PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Audit report: Paragraph 2.2.1 (a) SCOPA Resolution - First report, 2002	Expenditure	<p>The department has made significant progress on reducing the backlog regarding unrecorded transactions. The audit performed has not identified any weaknesses in this regard.</p> <p>During the current year supporting documentation amounting to R7,8 million could not be presented for audit purposes. The non-submission of these documents is due to the relocation of the department to their new premises and that the documents could not be forwarded timeously for audit purposes.</p>
Audit report: Paragraph 2.2.1 (g) SCOPA Resolution - First report, 2002	Internal control environment	<p>The department has embarked on an extensive training programme for all officials to improve financial skills and understanding regarding a proper system of control. Standardised manuals to guide the day to day operations of the department have been implemented.</p> <p>The weaknesses in the internal control environment have been addressed with limited areas of non-compliance.</p>
Audit report: Paragraph 2.2.1 (a)(l) SCOPA Resolution - First report, 2002	Personnel expenditure	<p>The department has successfully resolved the inability to perform reconciliations, as the PERSAL system and the FMS system have been reconciled for the past two financial years.</p>
Audit report: Paragraph 2.2.1 (d) SCOPA Resolution - First report, 2002	Suspense accounts	<p>The audit review has identified that the suspense accounts are not being cleared timeously in terms of Treasury Regulation 17.1. The department has been performing monthly reconciliations for the management of the suspense accounts.</p> <p>The balance outstanding as at year-end has been reduced drastically to R244 million for amounts outstanding for longer than a year.</p> <p>Please also refer to paragraph 4.2 of this report.</p>
Audit report: Paragraph 2.2.1 (a)(l) SCOPA Resolution - First report, 2002	Leave credits	<p>The audit review has still identified limited weaknesses in control regarding the administration of employees leave.</p> <p>Please refer to paragraph 4.3.1</p>



Department of Justice and Constitutional Development - Vote 24

REPORT OF THE AUDITOR-GENERAL for the year ended 31 MARCH 2004



AUDITOR-GENERAL

<p>Audit report: Paragraph 3.7</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Internal audit</p>	<p>The department has a fully implemented internal audit unit, comprising of own staff as well as contractors.</p> <p>The audit was performed with reliance being placed on the assignments performed by the unit.</p>
<p>Audit report: Paragraph 3.1</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Thefts and losses</p>	<p>All authorised losses written-off in the current year have been recorded on the financial statements.</p>
<p>Audit report: Paragraph 5.1.6</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Asset management</p>	<p>Please refer to paragraph 4.1 of this report.</p> <p>The department has subsequent to year-end implemented an asset management system that will facilitate proper control surrounding the management of assets and to promote the performance of physical verification, since assets will be uniquely barcoded. The successful implementation of the new initiative will be evaluated during the audit of the next financial year.</p>
<p>Audit report: Paragraph 5.1.1</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Training in financial management</p>	<p>The department has implemented various mechanisms to improve financial management skills of employees:</p> <ul style="list-style-type: none"> • University degrees/courses focusing on financial management were specifically researched and compiled for departmental staff. • Training courses on budget management and record keeping were presented. • Manuals regarding standardising the operations in the department were compiled to guide the day to day operations of the employees. These manuals have also been compiled in four languages to ensure that the training objective is achieved. <p>The challenge the department faces is to retain trained staff.</p>
<p>Audit report: Paragraph 5.1.2</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Housing guarantees</p>	<p>Please refer to paragraph 4.3.2 of this report</p>
<p>Audit report: 5.1.3 Paragraph</p> <p>SCOPA Resolution - First report, 2002</p>	<p>Donor funding</p>	<p>Weaknesses regarding the financial recording of donor transactions have been rectified. A separate account has been implemented for each donor.</p> <p>The audit under review has however still identified weaknesses in project management. Please refer to paragraph 4.5 of this report.</p>



STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2004

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

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 of accounting is supplemented with additional disclosure items. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

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

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official of funded from future voted funds.

6. Debts written off

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the department. No provision is made for irrecoverable amounts

The departmental debt write-off policy as detailed in the Departmental Financial Instructions entails the following:

Any debt to be written off by the Accounting Officer, will only be considered provided that:

- All reasonable efforts to trace the debtor has failed (in effort to trace the debtor, the debtor's address may possibly be obtained, inter alia, through the South African Police Services, Magistrates' Offices, Department of Home Affairs (population register), the Department of Finance: Pensions Administration, governing body of a recognised profession, of which the debtor is a member);



STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2004

- The debt is not owing by employees of the State;
- The debt did not originate or become irrecoverable owing to fraud, theft, wilful damage or delay on the part of any employee of the State;
- Recovery of the debt would be uneconomical;
- Recovery of the debt would cause undue hardship to the debtor or his/her dependants;
- It would be to the advantage of the State to effect a settlement of its claim or to waive the claim; and
- Any debt written-off must be disclosed in the Annual Financial Statements, indicating the policy in terms of which the debt was written off.

Interest payable on debts to the state:

- Interest must be charged on all debts to the State at the interest rate provided for in terms of Section 80 of the Public Finance Management Act.
- Interest is to be calculated on the decreasing balance of the debt and is not to be capitalised. This implies that the simple interest method is to be used. Interest stops accruing as soon as the interest equals the amount of the capital debt. Once a portion of the interest is paid, the interest again accrues until it equals the amount of the capital debt. If the full amount of the interest, plus a portion of the capital debt is paid, the interest will only accrue until it equals the amount of the then outstanding capital debt.
- Before interest may start to accrue, the debtor must be placed in mora, i.e. he/she must have been informed about the debt and given an opportunity to settle the debt. This mora period lasts for 30 days. After 30 days, during which the debt is not extinguished, interest starts accruing.
- If interest has been arranged for by means of an agreement, such as study contracts, housing guarantees, etc. interest starts accruing on the day that the payment is due. No mora period is applicable as the debtor is aware of the debt in terms of the conditions of the agreement.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2004, to be consumed in the following financial year, is written off in full when they are paid and are accounted for as expenditure in the income statements.

8. Receivables

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

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

9. Payables

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

10. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

11. Lease commitments

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

12. Accruals

This amount represents goods/services that have been delivered, but for which no invoice has been received from the supplier at year end, OR where the goods/services have been delivered, and an invoice is on hand but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but these matters are however disclosed.

13. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2004

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

Termination benefits

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

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded

by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired members are expensed when payments are made to the fund.

14. Recoverable revenue

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

15. Comparative figures

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

Department of Justice and Constitutional Development - Vote 24



APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

Programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. ADMINISTRATION	534,239	13,255	547,494	547,494	0	100.00%	399,418	462,432
Current	518,911	2,114	521,025	521,025	0	100.00%	374,900	437,914
Capital	15,328	11,141	26,469	26,469	0	100.00%	24,518	24,518
2. COURT SERVICES	2,030,748	30,276	2,061,024	2,056,226	4,798	99.77%	1,485,596	1,531,706
Current	1,741,969	30,569	1,772,538	1,772,538	0	100.00%	1,408,833	1,491,852
Capital	288,779	(293)	288,486	283,688	4,798	98.34%	76,763	39,854
3. STATE LEGAL SERVICES	229,040	(18,323)	210,717	210,717	0	100.00%	181,566	167,703
Current	226,373	(17,574)	208,799	208,799	0	100.00%	178,986	165,123
Capital	2,667	(749)	1,918	1,918	0	100.00%	2,580	2,580
4. NATIONAL PROSECUTING AUTHORITY	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485
Current	1,026,822	(884)	1,025,938	1,025,938	0	100.00%	908,235	901,932
Capital	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
5. AUXILIARY AND ASSOCIATED SERVICE	697,306	(7,249)	690,057	690,056	1	100.00%	1,248,484	1,223,843
Current	663,357	(1,953)	661,404	661,403	1	100.00%	913,965	904,211
Capital	33,949	(5,296)	28,653	28,653	0	100.00%	334,519	319,632
Total	4,557,353	0	4,557,353	4,552,554	4,799	99.89%	4,251,826	4,310,169

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	4,177,432	12,272	4,189,704	4,189,703	1	100.00%	3,784,919	3,901,032
Personnel	2,496,428	(12,325)	2,484,103	2,484,103	0	100.00%	2,159,685	2,202,550
Transfer Payments	553,687	0	553,687	553,686	1	100.00%	815,927	815,927
Other	1,127,317	24,597	1,151,914	1,151,914	0	100.00%	809,307	882,555
CAPITAL	379,921	(12,272)	367,649	362,851	4,798	98.70%	466,907	409,137
Acquisition of Capital Assets *	379,921	(12,272)	367,649	362,851	4,798	98.70%	466,907	409,137
Total	4,557,353	0	4,557,353	4,552,554	4,799	99.89%	4,251,826	4,310,169

Department of Justice and Constitutional Development - Vote 24



APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	2,496,428	(12,325)	2,484,103	2,484,103	0	100.00%	2,159,685	2,202,550
Administrative	410,293	(27,895)	382,398	382,398	0	100.00%	263,727	324,844
Inventories	164,797	(42,999)	121,798	121,798	0	100.00%	112,602	126,880
Equipment	155,467	(8,665)	146,802	142,004	4,798	96.73%	176,980	147,752
Land and Buildings	258,017	(1,941)	256,076	256,076	0	100.00%	295,468	278,737
Professional and Special Services	432,833	(56,103)	376,730	376,730	0	100.00%	335,019	325,390
Transfer Payments	553,687	0	553,687	553,686	1	100.00%	815,927	815,927
Miscellaneous	85,831	11,563	97,394	97,394	0	100.00%	88,178	83,849
Special Functions	0	138,365	138,365	138,365	0	100.00%	4,240	4,240
Total	4,557,353	0	4,557,353	4,552,554	4,799	99.89%	4,251,826	4,310,169

Reconciliation with Income Statement

Add: Other Receipts	190,646	0	0
Add: Statutory Appropriation	166,278	195,327	175,295
Add: Unauthorised Expenditure approved by Parliament (with funds)	0	0	226,411
Add: Unauthorised Expenditure approved by Parliament (without funds)	0	0	11,256
Add: Local and foreign aid assistance (incl. RDP funds)	6,976	71,593	105,469
Less: National Prosecution Authority	1,048,061	1,048,061	924,485
Actual amounts per Income Statement	3,873,192	3,771,413	3,904,115

* The Department is aware of section 43(4) of the PFMA, which states that " This section does not authorise the utilisation of a saving in an amount appropriated for capital expenditure in order to defray current expenditure." As per the Adjusted Estimates of National Expenditure issued by National Treasury, "R28,278 million was reallocated from personnel expenditure to provide for the rental of buildings as part of the Public Private Partnership between the Department of Public Works and the National Prosecuting Authority. The shift was possible because of the late fillings of vacancies." The Adjusted Estimates table did not reflect the adjustment appropriately as current expenditure, hence the virement from capital expenditure to current expenditure.



Department of Justice and Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

Direct charge against the National Revenue Fund	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. STATUTORY APPROPRIATION (JUDGES' SALARIES)	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295
Current	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295
Total	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295
Personnel	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295
Total	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295
Total	166,278	0	166,278	195,327	(29,049)	117.47%	154,318	175,295

Department of Justice and
Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

Personnel

DETAIL PER PROGRAMME 1: ADMINISTRATION FOR THE YEAR ENDED 31 MARCH 2004

Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. MINISTER	746	0	746	746	0	100.00%	189	189
Current	746	0	746	746	0	100.00%	189	189
2. DEPUTY MINISTER	579	0	579	579	0	100.00%	131	131
Current	579	0	579	579	0	100.00%	131	131
3. MANAGEMENT	24,557	7,339	31,896	31,896	0	100.00%	30,414	30,414
Current	23,679	7,480	31,159	31,159	0	100.00%	29,987	29,987
Capital	878	(141)	737	737	0	100.00%	427	427
4. CORPORATE SERVICES	508,357	(52,465)	455,892	455,892	0	100.00%	368,684	431,698
Current	493,907	(63,747)	430,160	430,160	0	100.00%	344,593	407,607
Capital	14,450	11,282	25,732	25,732	0	100.00%	24,091	24,091
5. SPECIAL FUNCTION: AUTHORISED LOSSES	0	58,381	58,381	58,381	0	100.00%	0	0
Current	0	58,381	58,381	58,381	0	100.00%	0	0
Total	534,239	13,255	547,494	547,494	0	100.00%	399,418	462,432

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	518,911	2,114	521,025	521,025	0	100.00%	374,900	437,914
Personnel	283,766	(19,935)	263,831	263,831	0	100.00%	243,369	242,440
Other	235,145	22,049	257,194	257,194	0	100.00%	131,531	195,474
CAPITAL	15,328	11,141	26,469	26,469	0	100.00%	24,518	24,518
Acquisition of Capital Assets	15,328	11,141	26,469	26,469	0	100.00%	24,518	24,518
Total	534,239	13,255	547,494	547,494	0	100.00%	399,418	462,432



Department of Justice and Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 1: ADMINISTRATION FOR THE YEAR ENDED 31 MARCH 2004

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Ex- cess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	283,766	(19,935)	263,831	263,831	0	100.00%	243,369	242,440
Administrative	107,997	(10,287)	97,710	97,710	0	100.00%	63,633	82,472
Inventories	36,789	(15,588)	21,201	21,201	0	100.00%	14,999	26,303
Equipment	20,029	10,341	30,370	30,370	0	100.00%	20,450	27,059
Land and Buildings	0	0	0	0	0	100.00%	6,609	0
Professional and Special Services	85,658	(11,630)	74,028	74,028	0	100.00%	50,358	84,067
Miscellaneous	0	1,973	1,973	1,973	0	100.00%	0	91
Special Functions	0	58,381	58,381	58,381	0	100.00%	0	0
Total	534,239	13,255	547,494	547,494	0	100.00%	399,418	462,432

Department of Justice and Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 2: COURT SERVICES FOR THE YEAR ENDED 31 MARCH 2004

PROGRAMME 2: COURT SERVICES								
Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. CONSTITUTIONAL COURT	14,200	3,122	17,322	17,322	0	100.00%	13,656	13,656
Current	14,034	2,698	16,732	16,732	0	100.00%	13,329	13,329
Capital	166	424	590	590	0	100.00%	327	327
2. SUPREME COURT OF APPEAL	6,351	4,662	11,013	11,013	0	100.00%	8,023	8,023
Current	6,174	4,422	10,596	10,596	0	100.00%	7,884	7,884
Capital	177	240	417	417	0	100.00%	139	139
3. HIGH COURTS	122,997	47,051	170,048	170,048	0	100.00%	134,035	135,296
Current	121,119	47,196	168,315	168,315	0	100.00%	132,551	133,812
Capital	1,878	(145)	1,733	1,733	0	100.00%	1,484	1,484
4. SPECIALISED COURTS	17,825	1,264	19,089	19,089	0	100.00%	17,709	17,709
Current	16,986	1,960	18,946	18,946	0	100.00%	17,113	17,113
Capital	839	(696)	143	143	0	100.00%	596	596
5. LOWER COURTS	1,602,493	(100,251)	1,502,242	1,497,444	4,798	99.68%	1,292,189	1,337,038
Current	1,567,980	(90,724)	1,477,256	1,477,256	0	100.00%	1,223,077	1,304,835
Capital	34,513	(9,527)	24,986	20,188	4,798	80.80%	69,112	32,203
6. FAMILY ADVOCATE	11,050	9,984	21,034	21,034	0	100.00%	15,744	15,744
Current	10,560	9,480	20,040	20,040	0	100.00%	14,879	14,879
Capital	490	504	994	994	0	100.00%	865	865
7. MAGISTRATES COMMISSION	5,153	298	5,451	5,451	0	100.00%	0	0
Current	5,116	266	5,382	5,382	0	100.00%	0	0
Capital	37	32	69	69	0	100.00%	0	0
8. GOVERNMENT MOTOR TRANSPORT	20,940	(5,191)	15,749	15,749	0	100.00%	0	0
Capital	20,940	(5,191)	15,749	15,749	0	100.00%	0	0
9. CAPITAL WORKS	229,739	15,000	244,739	244,739	0	100.00%	0	0
Current	0	934	934	934	0	100.00%	0	0
Capital	229,739	14,066	243,805	243,805	0	100.00%	0	0
10. SPECIAL FUNTION: AUTHORISED LOSSES	0	54,337	54,337	54,337	0	100.00%	4,240	4,240
Current	0	54,337	54,337	54,337	0	100.00%	4,240	4,240
Total	2,030,748	30,276	2,061,024	2,056,226	4,798	99.77%	1,485,596	1,531,706

Department of Justice and Constitutional Development - Vote 24



APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 2: COURT SERVICES FOR THE YEAR ENDED 31 MARCH 2004

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	1,741,969	30,569	1,772,538	1,772,538	0	100.00%	1,408,833	1,491,852
Personnel	1,267,034	43,038	1,310,072	1,310,072	0	100.00%	1,060,559	1,161,029
Other	474,935	(12,469)	462,466	462,466	0	100.00%	348,274	330,823
CAPITAL	288,779	(293)	288,486	283,688	4,798	98.34%	76,763	39,854
Acquisition of Capital Assets	288,779	(293)	288,486	283,688	4,798	98.34%	76,763	39,854
Total	2,030,748	30,276	2,061,024	2,056,226	4,798	99.77%	1,485,596	1,531,706

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	1,267,034	43,038	1,310,072	1,310,072	0	100.00%	1,060,559	1,161,029
Administrative	174,917	(3,478)	171,439	171,439	0	100.00%	124,795	125,776
Inventories	60,042	(25,296)	34,746	34,746	0	100.00%	39,869	39,853
Equipment	82,539	(28,087)	54,452	49,654	4,798	91.19%	63,414	44,210
Land and Buildings	229,739	14,066	243,805	243,805	0	100.00%	17,721	7
Professional and Special Services	167,369	(35,789)	131,580	131,580	0	100.00%	117,670	99,323
Miscellaneous	49,108	11,485	60,593	60,593	0	100.00%	57,328	57,268
Special Functions	0	54,337	54,337	54,337	0	100.00%	4,240	4,240
Total	2,030,748	30,276	2,061,024	2,056,226	4,798	99.77%	1,485,596	1,531,706

Department of Justice and
Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 3: STATE LEGAL SERVICES FOR THE YEAR ENDED 31 MARCH 2004

PROGRAMME 3: STATE LEGAL SERVICES

Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. LEGAL SERVICES TO THE STATE	89,858	(1,550)	88,308	88,308	0	100.00%	85,372	83,251
Current	88,794	(965)	87,829	87,829	0	100.00%	84,772	82,651
Capital	1,064	(585)	479	479	0	100.00%	600	600
2. STATE LAW ADVISORS	18,730	(2,438)	16,292	16,292	0	100.00%	17,837	16,267
Current	18,166	(2,424)	15,742	15,742	0	100.00%	17,347	15,777
Capital	564	(14)	550	550	0	100.00%	490	490
3. MASTER OF THE HIGH COURT	105,435	(37,232)	68,203	68,203	0	100.00%	64,999	55,806
Current	105,259	(37,397)	67,862	67,862	0	100.00%	63,734	54,541
Capital	176	165	341	341	0	100.00%	1,265	1,265
4. SOUTH AFRICAN: LAW COMMISSION	15,017	(2,513)	12,504	12,504	0	100.00%	9,873	9,229
Current	14,154	(2,198)	11,956	11,956	0	100.00%	9,698	9,054
Capital	863	(315)	548	548	0	100.00%	175	175
5. LEGISLATION AND CONSTITUTIONAL DEVELOPMENT	0	0	0	0	0	100.00%	3,485	3,150
Current	0	0	0	0	0	100.00%	3,435	3,100
Capital	0	0	0	0	0	100.00%	50	50
6. SPECIAL FUNCTION: AUTHORISED LOSSES	0	25,410	25,410	25,410	0	100.00%	0	0
Current	0	25,410	25,410	25,410	0	100.00%	0	0
Total	229,040	(18,323)	210,717	210,717	0	100.00%	181,566	167,703

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	226,373	(17,574)	208,799	208,799	0	100.00%	178,986	165,123
Personnel	192,148	(35,510)	156,638	156,638	0	100.00%	145,911	133,550
Other	34,225	17,936	52,161	52,161	0	100.00%	33,075	31,573
CAPITAL	2,667	(749)	1,918	1,918	0	100.00%	2,580	2,580
Acquisition of Capital Assets	2,667	(749)	1,918	1,918	0	100.00%	2,580	2,580
Total	229,040	(18,323)	210,717	210,717	0	100.00%	181,566	167,703



Department of Justice and Constitutional Development - Vote 24

APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 3: STATE LEGAL SERVICES FOR THE YEAR ENDED 31 MARCH 2004

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	192,148	(35,510)	156,638	156,638	0	100.00%	145,911	133,550
Administrative	17,884	(5,315)	12,569	12,569	0	100.00%	13,881	12,379
Inventories	4,888	(828)	4,060	4,060	0	100.00%	5,530	5,530
Equipment	5,992	(2,519)	3,473	3,473	0	100.00%	3,711	3,711
Professional and Special Services	8,128	437	8,565	8,565	0	100.00%	12,533	12,533
Miscellaneous	0	2	2	2	0	100.00%	0	0
Special Functions	0	25,410	25,410	25,410	0	100.00%	0	0
Total	229,040	(18,323)	210,717	210,717	0	100.00%	181,566	167,703

Department of Justice and
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APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 4: NATIONAL PROSECUTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2004

PROGRAMME 4: NATIONAL PROSECUTING AUTHORITY

Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. PUBLIC PROSECUTIONS	738,761	1,991	740,752	740,752	0	100.00%	630,592	621,693
Current	719,757	6,007	725,764	725,764	0	100.00%	625,227	617,917
Capital	19,004	(4,016)	14,988	14,988	0	100.00%	5,365	3,776
2. WITNESS PROTECTION PROGRAMME	36,524	5,357	41,881	41,881	0	100.00%	34,170	30,949
Current	36,353	1,413	37,766	37,766	0	100.00%	34,170	30,518
Capital	171	3,944	4,115	4,115	0	100.00%	0	431
3. SPECIAL OPERATIONS	290,735	(25,544)	265,191	265,191	0	100.00%	272,000	271,843
Current	270,712	(8,541)	262,171	262,171	0	100.00%	253,515	261,265
Capital	20,023	(17,003)	3,020	3,020	0	100.00%	18,485	10,578
4. SPECIAL FUNCTION: AUTHORISED LOSSES	0	237	237	237	0	100.00%	0	0
Current	0	237	237	237	0	100.00%	0	0
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	1,026,822	(884)	1,025,938	1,025,938	0	100.00%	908,235	901,932
Personnel	753,258	288	753,546	753,546	0	100.00%	707,729	663,414
Other	273,564	(1,172)	272,392	272,392	0	100.00%	200,506	238,518
CAPITAL	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
Acquisition of Capital Assets	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485

Department of Justice and
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APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 4: NATIONAL PROSECUTING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2004

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	753,258	288	753,546	753,546	0	100.00%	707,729	663,414
Administrative	107,947	(8,431)	99,516	99,516	0	100.00%	57,993	100,900
Inventories	17,928	29	17,957	17,957	0	100.00%	12,237	15,227
Equipment	12,920	14,226	27,146	27,146	0	100.00%	25,879	24,133
Land and Buildings	28,278	(16,007)	12,271	12,271	0	100.00%	0	7,592
Professional and Special Services	108,966	(6,404)	102,562	102,562	0	100.00%	102,074	86,729
Miscellaneous	36,723	(1,897)	34,826	34,826	0	100.00%	30,850	26,490
Special Functions	0	237	237	237	0	100.00%	0	0
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485

DETAIL PER PROGRAMME 5: AUXILIARY AND ASSOCIATED SERVICES FOR THE YEAR ENDED 31 MARCH 2004
PROGRAMME 5: AUXILIARY AND ASSOCIATED SERVICES

Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. OFFICE FOR THE CONTROL OF INTERCEPTION AND MONITORING OF COMMUNICATION	291	(173)	118	118	0	100.00%	239	239
Current	291	(173)	118	118	0	100.00%	236	236
Capital	0	0	0	0	0	0.00%	3	3
2. GOVERNMENT MOTOR TRANSPORT	0	0	0	0	0	0.00%	19,950	15,064
Capital	0	0	0	0	0	0.00%	19,950	15,064
3. SOUTH AFRICAN HUMAN RIGHTS COMMISSION	32,785	0	32,785	32,785	0	100.00%	27,401	27,401
Current	32,785	0	32,785	32,785	0	100.00%	27,401	27,401
4. COMMISSION ON GENDER EQUALITY	17,330	0	17,330	17,330	0	100.00%	14,922	14,922
Current	17,330	0	17,330	17,330	0	100.00%	14,922	14,922
5. PRESIDENT'S FUND	1	0	1	0	1	0.00%	310,001	310,001
Current	1	0	1	0	1	0.00%	310,001	310,001
6. SPECIAL INVESTIGATING UNIT	25,535	0	25,535	25,535	0	100.00%	22,958	22,958
Current	25,535	0	25,535	25,535	0	100.00%	22,958	22,958
7. JUDICIAL SERVICE COMMISSION	950	(293)	657	657	0	100.00%	751	751
Current	929	(272)	657	657	0	100.00%	735	735
Capital	21	(21)	0	0	0	0.00%	16	16
8. MAGISTRATES COMMISSION	0	0	0	0	0	0.00%	4,322	4,322
Current	0	0	0	0	0	0.00%	4,210	4,210
Capital	0	0	0	0	0	0.00%	112	112
9. LEGAL AID BOARD	367,864	0	367,864	367,864	0	100.00%	341,827	341,827
CURRENT	367,864	0	367,864	367,864	0	100.00%	341,827	341,827
10. PUBLIC PROTECTOR	43,519	16	43,535	43,535	0	100.00%	35,135	35,135
CURRENT	43,519	16	43,535	43,535	0	100.00%	35,135	35,135
11. NATIONAL CRIME PREVENTION STRATEGY	142,378	(6,799)	135,579	135,579	0	100.00%	136,157	116,402
Current	108,450	(1,524)	106,926	106,926	0	100.00%	92,857	83,103
Capital	33,928	(5,275)	28,653	28,653	0	100.00%	43,300	33,299
12. REPRESENTED POLITICAL PARTIES FUND	66,653	0	66,653	66,653	0	100.00%	63,683	63,683
Current	66,653	0	66,653	66,653	0	100.00%	63,683	63,683
13. CAPITAL WORKS	0	0	0	0	0	0.00%	271,138	271,138
Capital	0	0	0	0	0	0.00%	271,138	271,138
Total	697,306	(7,249)	690,057	690,056	1	100.00%	1,248,484	1,223,843

Department of Justice and Constitutional Development - Vote 24



APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

DETAIL PER PROGRAMME 5: AUXILIARY AND ASSOCIATED SERVICES FOR THE YEAR ENDED 31 MARCH 2004

Economic Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	663,357	(1,953)	661,404	661,403	1	100.00%	913,965	904,211
Personnel	222	(206)	16	16	0	100.00%	2,117	2,117
Transfer Payments	553,687	0	553,687	553,686	1	100.00%	815,927	815,927
Other	109,448	(1,747)	107,701	107,701	0	100.00%	95,921	86,167
CAPITAL	33,949	(5,296)	28,653	28,653	0	100.00%	334,519	319,632
Acquisition of Capital Assets	33,949	(5,296)	28,653	28,653	0	100.00%	334,519	319,632
Total	697,306	(7,249)	690,057	690,056	1	100.00%	1,248,484	1,223,843

Standard Item Classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	222	(206)	16	16	0	100.00%	2,117	2,117
Administrative	1,548	(384)	1,164	1,164	0	100.00%	3,425	3,317
Inventories	45,150	(1,316)	43,834	43,834	0	100.00%	39,967	39,967
Equipment	33,987	(2,626)	31,361	31,361	0	100.00%	63,526	48,639
Land and Buildings	0	0	0	0	0	0.00%	271,138	271,138
Professional and Special Services	62,712	(2,717)	59,995	59,995	0	100.00%	52,384	42,738
Transfer Payments	553,687	0	553,687	553,686	1	100.00%	815,927	815,927
Total	697,306	(7,249)	690,057	690,056	1	100.00%	1,248,484	1,223,843

NOTE TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

- Details of current and capital transfers as per Appropriation Act (after Virement):**
Details of these transactions are set out in note 10 (Transfer payments) to the annual financial statements.
- Details of special functions (Theft and Losses)**
Details of these transactions per programme are set out in note 12 (Details of special functions) to the annual financial statements.
- Explanations of variances in excess of two percent between amount voted (after virement) and actual expenditure:**
Programme 2: Court Services
Equipment
Funding allocated for the upgrading of the infrastructure of courts was not completely utilised due to the none finalisation of certain projects.

Department of Justice and
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INCOME STATEMENT
(STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 MARCH 2004

Note	2003/04 R'000	2002/03 R'000	
REVENUE			
Voted funds			
Annual appropriation	1	3,509,292	3,315,064
Statutory appropriation	2	166,278	154,318
Appropriation for unauthorised expenditure	13	0	226,411
Other revenue to be surrendered to the revenue fund	3	190,646	117,122
Local and foreign aid assistance (incl. RDP funds)	4	6,976	162,172
TOTAL REVENUE		3,873,192	3,975,087
EXPENDITURE			
Current			
Personnel	5	1,925,884	1,714,433
Administrative		282,882	223,941
Inventories	6	103,840	111,654
Machinery and equipment	7	15,469	12,535
Professional and special services	9	274,168	238,660
Transfer payments	10	553,686	815,927
Miscellaneous	11	62,569	57,360
Special functions: Authorised losses	12	138,128	4,240
Special functions: Unauthorised expenditure approved	13	0	11,256
Local and foreign aid assistance (incl. RDP funds)	4	55,793	57,164
Previous unauthorised expenditure approved	13	0	226,411
TOTAL CURRENT EXPENDITURE		3,412,419	3,473,581
Capital			
Machinery and equipment	7	99,389	111,084
Land and buildings	8	243,805	271,145
Local and foreign aid assistance (incl. RDP funds)	4	15,800	48,305
TOTAL CAPITAL EXPENDITURE		358,994	430,534
TOTAL EXPENDITURE		3,771,413	3,904,115
NET SURPLUS		101,779	70,972



Department of Justice and Constitutional Development - Vote 24

INCOME STATEMENT **(STATEMENT OF FINANCIAL PERFORMANCE)**

for the year ended 31 MARCH 2004

Add back unauthorised, fruitless and wasteful expenditure disallowed

NET SURPLUS FOR THE YEAR

Reconciliation of Net Surplus for the Year

Voted funds to be surrendered to the Revenue Fund
Other revenue to be surrendered to the Revenue Fund
Local and foreign aid assistance (incl. RDP Funds)

NET SURPLUS FOR THE YEAR

Note	2003/04 R'000	2002/03 R'000
13	0	109,968
	101,779	180,940
17	(24,250)	7,115
18	190,646	117,122
4	(64,617)	56,703
	101,779	180,940

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BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION)

for the year ended 31 MARCH 2004

ASSETS

Current assets

Unauthorised, fruitless and wasteful expenditure	
Cash and cash equivalents	
Receivables	
Prepayments and Advances	
Local and foreign aid assistance (incl. RDP funds) receivable from the RDP fund / donors	

TOTAL ASSETS

LIABILITIES

Current liabilities

Voted funds to be surrendered to the Revenue Fund	
Other funds to be surrendered to the Revenue Fund	
Paymaster General (PMG) overdraft	
Payables	
Local and foreign aid assistance (incl. RDP funds) repayable to the RDP fund / donors	

TOTAL LIABILITIES

NET ASSETS

Represented by:

Recoverable revenue	
Local and foreign aid assistance (incl. RDP funds)	

TOTAL

Note	2003/04 R'000	2002/03 R'000
	611,203	697,104
13	185,617	185,098
14	1,781	1,230
15	403,766	495,655
16	19,672	13,098
4	367	2,023
	611,203	697,104
	575,934	592,685
17	(24,250)	7,115
18	8,758	8,725
19	578,099	559,052
20	13,327	16,461
4	0	1,332
	575,934	592,685
	35,269	104,419
	9,930	12,807
4	25,339	91,612
	35,269	104,419



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STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
Recoverable revenue			
Opening balance		12,807	9,201
Debts raised		2,366	3,606
Debts written-off		(5,243)	0
Closing balance		9,930	12,807
Local and foreign aid assistance (including RDP funds) remaining			
Opening balance	4	91,612	35,576
Transfers	4	4,730	159,143
Transfers to / from other reserves	4	(71,003)	(103,107)
Closing balance		25,339	91,612
TOTAL		35,269	104,419



Department of Justice and Constitutional Development - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 MARCH 2004

1. ANNUAL APPROPRIATION

1.1. Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted Funds)

Programmes	Total Appropriation 2003/04	Actual Funds Received 2003/04	Variance over / (under)	Total Appropriation 2002/03
Programme 1: Administration	547,494	547,494	0	399,418
Programme 2: Court Services	2,061,024	2,061,024	0	1,485,596
Programme 3: State Legal Services	210,717	210,717	0	181,566
Programme 5: Auxiliary and Associated Service	690,057	690,057	0	1,248,484
Total	3,509,292	3,509,292	0	3,315,064

Programme 4: National Prosecuting Authority - A separate set of Financial Statements is prepared by the NPA. Their results are included in the consolidated Annual Financial Statements of the Department.

2. STATUTORY APPROPRIATION

	2003/04 R'000	2002/03 R'000
Judges' Salaries	166,278	154,318
	166,278	154,318

These funds are voted by Parliament to an independent account operated by National Treasury which is administrated by this Department. Any over expenditure is funded by the Department prior to repayment by National Treasury.

3. OTHER REVENUE TO BE SURRENDERED TO REVENUE FUND

Description	Note	2003/04 R'000	2002/03 R'000
Revenue on FMS			
Material losses recovered	3.1	656	975
Recoveries of previous years' expenditure		139,056	29,332
Miscellaneous revenue		9,762	19,131
Guardian's Fund interest		5,014	7,049
Interest on Monies in Trust		17,899	43,354
Contribution imposed by Law		2,176	2,577
Commission on insurance		1,528	1,935
Loans and advances (Subsidised transport)		99	63
Rent - Property		828	1,235
Proceeds from sale of equipment		303	99
Stale warrant vouchers		1,729	4,296
		179,050	110,046

Department of Justice and
Constitutional Development - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

Revenue not on FMS

Guardian's Fund interest

State Attorney's

Court fines

Compensatory payouts

Other revenue

Total revenue collected

Less: Own revenue budgeted, as per ENE

Total other revenue

2003/04 R'000	2002/03 R'000
0	500
7,937	4,165
1,139	1,754
1,452	0
1,068	657
11,596	7,076
190,646	117,122
89,851	84,765
100,795	32,357

3.1. Material losses recovered

Nature of loss recovered

State property

State money

2003/04 R'000	2002/03 R'000
11	46
645	929
656	975

3.2. Gifts, donations and sponsorships that exceeded R 40 000, received in kind, excluding RDP funds. Major categories are grouped together (Total not included in the income statement)

Nature of gift, donation and sponsorship

Seconded staff by Business Against Crime (BAC)

Seconded staff by the BAC: Administration of USAID funds

Nedcor Ltd made a building in Johannesburg CBD available rent free for a period of three years for the establishment of the specialised commercial crime court.

The building has been converted to suit the needs of the court

Interest on prepayments made to SITA to be used for services relating to Virtual Private Network establishment.

Various other gifts received under the amount of R 40 000

2003/04 R'000	2002/03 R'000
5,648	7,477
12,340	18,350
450	450
5,064	7,026
102	18
23,604	33,321

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

4. LOCAL AND FOREIGN AID ASSISTANCE (including RDP)

4.1. Assistance received in cash

Name of donor, project and purpose	2003/04					Closing Balance
	Opening Balance	Revenue	Repaid to Donors	Expenditure		
				Current	Capital	
R'000	R'000	R'000	R'000	R'000	R'000	
Foreign						
Owing by donors						
USAID: Various Projects	(1,595)	1,645	0	23	0	27
Canada: Justice Canada Linkage Project	(428)	601	0	567	0	(394)
	(2,023)	2,246	0	590	0	(367)
Owing to donors						
Danish Royal Embassy - Danish Government: Corporate Planning Team & Policy Advisory Task Unit	1,332	0	1,332	0	0	0
	1,332	0	1,332	0	0	0
Assistance rolled over						
Government of Ireland: Citizen's Advice Desk Project	545	0	0	0	0	545
Sweden (SIDA): Capacity Building in the Field of Children - Budget Outreach Programme	659	0	0	138	0	521
Netherlands Government: Sectoral Budget Support	23,898	0	0	9,859	10,303	3,736
Save the Children (Sweden) - Radda Barnen: Child Participation	11	0	0	11	0	0
EU Foundation: EU Human Rights Programme	16	60	0	65	0	11
Commission of European Community (Netherlands): Sectoral Budget Support	65,083	0	0	39,804	5,497	19,782
Denmark: Fast track training for Civil Magistrates and training of Court Interpreters	1,400	2,650	0	3,784	0	266
France: Assistance for restructuring the Judiciary	0	2,020	0	1,342	0	678
Swiss: 16 Days of Activism against woman and children	0	0	0	200	0	(200)
	91,612	4,730	0	55,203	15,800	25,339
	90,921	6,976	1,332	55,793	15,800	24,972

Department of Justice and
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year
ended 31 MARCH 2004

	2002/2003				Closing Balance R'000
	Opening Balance R'000	Revenue R'000	Expenditure		
			Current R'000	Capital R'000	
Foreign					
Owing by donors					
USAID: Various Projects	(2,781)	2,879	1,677	16	(1,595)
Canada: Justice Canada Linkage Project	(150)	150	428	0	(428)
	(2,931)	3,029	2,105	16	(2,023)
Owing to donors					
Danish Royal Embassy - Danish Government: Corporate Planning Team & Policy Advisory Task Unit	1,573	0	238	3	1,332
	1,573	0	238	3	1,332
Assistance rolled over					
Government of Ireland: Citizen's Advice Desk Project	208	423	80	6	545
Sweden (SIDA): Capacity Building in the Field of Children - Budget Outreach Programme	337	1,065	743	0	659
Netherlands Government: Sectoral Budget Support	35,000	91,067	53,889	48,280	23,898
Save the Children (Sweden) - Radda Barnen: Child Participation	31	0	20	0	11
EU Foundation: EU Human Rights Programme	0	105	89	0	16
Commission of European Community (Netherlands): Sectoral Budget Support	0	65,083	0	0	65,083
Denmark: Fast track training for Civil Magistrates and training of Court Interpreters	0	1,400	0	0	1,400
	35,576	159,143	54,821	48,286	91,612
	34,218	162,172	57,164	48,305	90,921

Department of Justice and Constitutional Development - Vote 24



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

Analysis of balance

Amounts owing by the RDP fund / donors
Amounts owing to the RDP fund / donors
Balance remaining

2003/04 R'000	2002/03 R'000
(367)	(2,023)
0	1,332
25,339	91,612
24,972	90,921

4.2. Assistance received in kind (Value not included in the income statement)

Name of donor and purpose

Foreign aid assistance

Save the Children (Sweden) - Radda Barnen: Accommodation and conference fees for a workshop held in Gordon's Bay with the Portfolio Committee on Social Development

Nadel: Personnel and Administrative Expenditure, rental and purchasing of equipment - Philippi Magistrate's Office

Canada: SA Justice linkage Project ended on 31 March 2004.
All the project furniture and equipment has been donated to the Justice College

Total Local and foreign aid assistance received in kind

2003/04 R'000	2002/03 R'000
0	80
1,200	800
184	0
1,384	880

5. PERSONNEL

5.1 Current expenditure

Appropriation to Judiciary
Basic salary costs
Pension contributions
Medical aid contributions
Other salary related costs

Total Personnel Costs

Average number of employees

2003/04 R'000	2002/03 R'000
195,327	175,295
1,244,815	1,077,412
165,149	147,394
78,409	72,123
242,184	242,209
1,925,884	1,714,433
13,909	14,250

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

6. INVENTORIES		2003/04	2002/03
		R'000	R'000
6.1 Current expenditure			
	Inventories purchased during the year		
	Printing	5,316	8,462
	Stationery	24,708	24,007
	Publications	19,383	25,971
	Computer Software	51,970	51,028
	Other	2,463	2,186
	Total cost of inventories	103,840	111,654
7. MACHINERY AND EQUIPMENT			
	Current (Rentals, maintenance and sundry)	15,469	12,535
	Capital	99,389	111,084
	Total cost of machinery and equipment	114,858	123,619
7.1. Capital machinery and equipment analysed as follows:			
	Computer equipment	38,515	41,335
	Furniture and office equipment	28,559	36,272
	Other machinery and equipment	4,166	10,480
	Transport	28,149	22,997
		99,389	111,084
8. LAND AND BUILDINGS			
8.1 Capital expenditure			
	Land and dwellings	243,805	271,145
	Total cost of Land and Buildings	243,805	271,145

This amount was transferred to the Department of Public Works for the procurement of new and additional accommodation.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

9. PROFESSIONAL AND SPECIAL SERVICES

9.1 Current expenditure

	2003/04 R'000	2002/03 R'000
Legal Expenses	7,902	9,959
Assessors	8,855	8,059
Auditor's remuneration	11,491	21,111
Regulatory	10,802	11,865
Performance	486	38
Other audits	203	9,208
Casual interpreters	3,743	5,852
Court recordings	43,761	37,153
Sheriff serving costs	19,687	17,989
Commission and Committees	566	330
Computer services	3,420	10,896
Contractors	125,882	82,126
Maintenance	5,702	4,348
Security services	41,329	39,165
Other	1,830	1,672
Total Professional and special services	274,168	238,660

10. TRANSFER PAYMENTS

Current Transfers to Public Entities and Institutions

Note	2003/04 R'000	2002/03 R'000
Annexure 1	553,686	815,927
	<u>553,686</u>	<u>815,927</u>

11. MISCELLANEOUS

11.1. Current Expenditure

Remissions, refunds and payments made as an act of grace

Gifts, donations and sponsorships made

Witness Fees

Expert Witnesses

Psychiatric Observations

Other

Total miscellaneous expenditure

Note	2003/04 R'000	2002/03 R'000
11.2	73	122
11.3	11	5
	33,625	31,108
	1,290	918
	25,000	25,000
	2,570	207
	62,569	57,360

Department of Justice and
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

	2003/04 R'000	2002/03 R'000
11.2. Remissions, refunds and payments made as an act of grace		
Nature of remissions, refunds and payments		
Damage to personal belongings while performing official duties	12	39
Wrongful and unlawful arrests	10	28
Expenditure reimbursed	31	55
Personal Aid	20	0
	73	122
11.3 Gifts, donations and sponsorships paid in cash that where expensed during the current year		
Nature of gifts, donations and sponsorships		
Entertainers at the 16 Days of Activism Benefit Concert	0	5
Long Service Recognition Award	11	0
	11	5

12. SPECIAL FUNCTIONS: AUTHORISED LOSSES

Material losses through criminal conduct
Other material losses written off in income statement
Debts

Note	2003/04 R'000	2002/03 R'000
12.1	766	862
12.2	128,356	3,311
12.3	9,006	67
	138,128	4,240

12.1. Material losses through criminal conduct

Nature of losses

Thefts by employees
Burglaries, robbery, theft by third parties

	60	562
	706	300
	766	862

12.2. Other material losses written off in income statement

Nature of losses

State Money – Armed robberies and shortages
Arbitration – Civil actions
Damage to vehicles
Irrecoverable losses
Other

	142	1,624
	392	962
	0	221
	127,822	0
	0	504
	128,356	3,311

12.3. Debts written off

Nature of debts

Staff debts (Prescribed staff debts)

	9,006	67
	9,006	67

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

14. CASH AND CASH EQUIVALENTS

	2003/04 R'000	2002/03 R'000
Cash on hand	1,781	1,230
	1,781	1,230

15. RECEIVABLES - CURRENT

	Note	2003/04 R'000	2002/03 R'000
Amounts owing by other departments	Annexure 4	272,758	215,109
Staff debtors	15.3	15,876	18,921
Other debtors	15.4	115,132	261,625
		403,766	495,655

15.1. Amounts of R96 million (2003: R201 million) included above may not be recoverable, but has not been allocated to the income statement. This amount will be witten-off over the next two financial years depending on the availability of surplus funds.

15.2. Age analysis – receivables current

Less than one year	159,828	93,004
One to two years	83,523	105,383
More than two years	160,415	297,268
	403,766	495,655

15.3. Staff debtors

In Service Debt	8,111	17,301
Out of Service Debt	7,765	1,620
	15,876	18,921

15.4. Other debtors

Dishonoured cheques	9	12
Salary Control Accounts - Receivables	14	123
Subsistence and Transport Payment	2,533	5,260
Other Disallowance	8,317	29,181
Other Disallowance: Fraud	7,172	6,534
Supplier Disallowance	935	2,753
General Suspense	420	12,594
Transport expenditure to be allocated	0	4,313
Irrecoverable amounts to be written off	95,575	200,855
SARS	157	0
	115,132	261,625



Department of Justice and Constitutional Development - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 MARCH 2004

16. ADVANCES

Nature of advances

Standing Advances

Departmental Advances Paid - NPA

2003/04 R'000	2002/03 R'000
1,476	1,286
18,196	11,812
19,672	13,098

17. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Department

Opening balance

Vote surplus for the year

Previous years unauthorised expenditure disallowed in current year

Paid during the year

Closing balance

Statutory appropriation (Judges' salaries)

Opening balance

Statutory deficit for the year

Received during the year

Closing balance

Funds to be surrendered

2003/04 R'000	2002/03 R'000
28,093	222,832
4,799	27,249
0	844
(28,093)	(222,832)
4,799	28,093
(20,978)	(13,532)
(29,049)	(20,978)
20,978	13,532
(29,049)	(20,978)
(24,250)	7,115

18. OTHER REVENUE FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance

Transfer from income statement for revenue to be surrendered

Paid during the year

Closing balance

2003/04 R'000	2002/03 R'000
8,725	20,170
190,646	117,122
(190,613)	(128,567)
8,758	8,725

19. PAYMASTER GENERAL (PMG) OVERDRAFT

Paymaster General Account (Exchequer account)

Cash and Cash equivalents

Cash and Cash equivalents

Note	2003/04 R'000	2002/03 R'000
19.1	(578,099)	(559,052)
14	1,781	1,230
	(576,318)	(557,822)

Department of Justice and
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

19.1. Paymaster General Account (Exchequer account)

Balance as per National Accounting Office

Deduct:

Outstanding deposits

Orders payable

PMG adjustment account

Electronic funds payable

ACB control account

Re-issue of payments

Claims via the PMG

Balance above

2003/04 R'000	2002/03 R'000
(491,735)	(464,222)
(86,364)	(94,830)
25	164
(2,175)	(8,054)
0	186
(27,575)	(17,303)
(52,055)	(61,213)
(3,802)	(8,610)
(782)	0
(578,099)	(559,052)

20. PAYABLES - CURRENT

Description

Advances received - Arrive Alive Campaign

Other payables

Note	2003/04 R'000	2002/03 R'000
	119	0
20.1	13,208	16,461
	13,327	16,461

20.1. Other payables

Receipt Suspense

Salary Control Accounts

General Suspense

Donor Control Account

Truth and Reconciliation Committee (TRC): Refund of balances on hand at closure

Balance Old Deposit Account (Monies in Trust)

Other

2003/04 R'000	2002/03 R'000
0	68
90	5,176
12,184	3,909
15	6,897
0	175
807	0
112	236
13,208	16,461

Department of Justice and
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

21. NET CASH FLOW GENERATED BY OPERATING ACTIVITIES

Net surplus as per Income Statement

Adjusted for items separately disclosed

Proceeds from sale of equipment

Capital expenditure

Net cash flow generated by operating activities

2003/04 R'000	2002/03 R'000
101,779	180,940
358,691	430,435
(303)	(99)
358,994	430,534
460,470	611,375

22. CASH GENERATED TO INCREASE WORKING CAPITAL

Decrease / (increase) in receivables – current

(Increase) / decrease in prepayments and advances

(Decrease) / increase in payables

(Decrease) / increase in recoverable revenue

(Decrease) / increase in donor funding

2003/04 R'000	2002/03 R'000
91,889	(65,652)
(6,574)	88,949
(3,134)	4,479
(2,877)	3,606
(1,332)	0
77,972	31,382

23. VOTED FUNDS AND REVENUE FUNDS SURRENDERED

Voted funds surrendered

Revenue funds surrendered

Less: Statutory Appropriation

2003/04 R'000	2002/03 R'000
28,093	222,832
190,613	128,567
218,706	351,399
(20,978)	(13,532)
197,728	337,867

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

24. CONTINGENT LIABILITIES

Liable to	Nature	Note	2003/04 R'000	2002/03 R'000
Motor vehicle guarantees	Employees	Annexure 2	662	1,698
Housing loan guarantees	Employees	Annexure 2	26,067	25,700
			26,729	27,398

Monies in Trust

The department is currently in the process of establishing the obligations that exceed funds held in trust by the Department. A concerted effort was undertaken to establish the extent of the losses incurred. Monies in Trust are accounted for separately. It is envisaged that losses at this stage continue to be non-quantifiable and will continue to be investigated concurrently with the implementation of the MMT, Public Private Partnership Project.

Pending Law Suits

195 civil actions (2002/03:143) are pending against the Minister and / or the Department. The outcome of these civil actions are uncertain as they have not been finalised.

Judge White - Pending Law Suits

Matters (Xayimpi; Vellem; Nonpandana; Sineke & Pheko) pertain to pending motion applications against the Department, in which court orders are sought regarding the Department's implementation of the findings of the Judge White Commission. Since these matters do not involve summonses (civil action procedure) and are therefore not claims, no specific amounts are claimed. The following amount is therefore an estimation of the contingent liability that will result from the Department having to retrospectively re-adjust all the involved employees' salaries in the event that the applicants succeed with their applications. The estimated amount is R3 462 435,59.

25. COMMITMENTS

	2003/04 R'000	2002/03 R'000
Current expenditure		
Approved and contracted and / or ordered	9,707	81
Approved but not yet contracted	33	0
	9,740	81
Capital expenditure		
Approved and contracted and / or ordered	184,784	221,162
Approved but not yet contracted	0	28,517
	184,784	249,679
Total Commitments	194,524	249,760

Department of Justice and
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**DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 MARCH 2004

26. RECEIVABLES

VAT Receivable (Donor Funding)

2003/04 R'000	2002/03 R'000
20,396	0
20,396	0

The VAT receivable is as a result of the Department registering for Value-Added-Tax (VAT) during the current financial year. The receivable relates to the period 21/11/1999 to 31/03/04, as per the amendment to the VAT Act, 1991, effective 24 November 1999.

27. ACCRUALS

27.1 Listed by programme level

Programme 1: Administration

Programme 2: Administration of Courts

Programme 3: State Legal Services

2003/04 R'000	2002/03 R'000
21,383	1,178
9,610	804
3,251	64
11,648	0
45,892	2,046
109	
17,580	
5,296	
4,522	
109	
18,276	
45,892	2,046*

27.2 Listed by standard item level

Personnel

Administrative

Inventories

Equipment

Land and Buildings

Professional and Special Services

* Comparative details not available

28. EMPLOYEE BENEFITS

Leave entitlement

Thirteenth cheque

Performance bonus

2003/04 R'000	2002/03 R'000
13,237	11,897
57,407	115,432
25,898	45,426
96,542	172,755

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

29. LEASES

29.1. Operating leases

Name of Lessor

Less than 1 year

Minolco

Nashua

Xerox

Data Master

Panasonic

Other

Telkom

Later than 1 year and not later than 3 years

Minolco

Nashua

Xerox

Data Master

Panasonic

Other

Telkom

Later than 3 years

Minolco

Nashua

Data Master

Panasonic

Other

Telkom

* Comparative details not available

Equipment	2003/04 R'000	2002/03 R'000
Photocopiers	2,982	
Photocopiers	1,201	
Photocopiers	186	
Photocopiers	384	
Photocopiers	110	
Photocopiers	40	1,090
Switchboards	6,667	6,251
	11,570	7,341*
Photocopiers	2,681	
Photocopiers	1,245	
Photocopiers	112	
Photocopiers	604	
Photocopiers	221	
Photocopiers	59	2,180
Switchboards	13,334	12,502
	18,256	14,682 *
Photocopiers	41	
Photocopiers	273	
Photocopiers	213	
Photocopiers	97	
Photocopiers	4	1,090
Switchboards	6,667	6,251
	7,295	7,341*
	37,121	29,364

Department of Justice and Constitutional Development - Vote 24



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

30. IRREGULAR EXPENDITURE

30.1. Movement Schedule of irregular expenditure

Opening Balance	
Irregular expenditure - current year	
Irregular expenditure - NPA Prior years	
Expenditure not condoned - NPA Prior years (Debt raised)	
Expenditure awaiting condonement	

Analysis

Current	
Prior Years	

2003/04 R'000	2002/03 R'000
54,360	0
0	54,360
0	1,905
0	(1,905)
54,360	54,360
0	54,360
54,360	0
54,360	54,360

Programme 2: Administration of Courts overspend the Personnel budget with R100 470 000 during the 2002/03 financial year. The net overspending for the programme (R46 110 000) was disallowed as unauthorised expenditure and is disclosed in note 13.2. The difference of R54 360 000 is reported as irregular expenditure. National Treasury has been approached for consideration of condoning this irregular expenditure.

30.2. Irregular expenditure - Currently under investigation

Incident

Payments for security services rendered: Judges, Magistrate's and Prosecutors in urban terror matters - State Tender Board Regulations not complied with	
Appointment of consultants - State Tender Board Regulations not complied with	
Budget training course by Eastern Cape Regional Office - State Tender Board Regulations not complied with	
Installation of PABX system at Magistrate Krugersdorp - State Tender Board Regulations not complied with	
Purchase of Government Garage Vehicles - State Tender Board Regulations not complied with	
IT Equipment procured through expired contract. No tender contract in force regarding the items procured	
NPA prior April 2001 - Irregular expenditure - Non compliance with State Tender Board directives	

2003/04 R'000	2002/03 R'000
526	526
13,241	13,241
56	0
75	0
1,243	0
2,572	0
1,806	0
19,519	13,767

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**DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 MARCH 2004

31. KEY MANAGEMENT PERSONNEL

**31.1. Remuneration
Ministry**

Number

The Ministry comprise of
the Minister and the Deputy
Minister of the Department

Minister	1
Deputy Minister	1

	2003/04 R'000	2002/03 R'000
	831	747
	671	607
	1,502	1,354
	825	761
	580	573
	3,967	3,560
	5,372	4,894
	6,874	6,248

Executive Management

Number

The Executive Management
comprise of the Director-
General, CFO and all the
Managing Directors of the
core and support business
units

Director-General	1
Chief Financial Officer	1
Managing Directors	7



Department of Justice and Constitutional Development - Vote 24

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 1

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS AS AT 31 MARCH 2004

Public Entity / Institution	TRANSFER ALLOCATION				EXPENDITURE				
	Appropriation Act	Adjustments Estimate	Roll Over	Total Available (1)	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Human Rights Commission	32,728	57	0	32,785	32,785	0	100%	0	32,785
Legal Aid Board	367,864	0	0	367,864	367,864	0	100%	0	367,864
Special Investigating Unit	25,535	0	0	25,535	25,535	0	100%	0	25,535
Commission on Gender Equality	17,300	30	0	17,330	17,330	0	100%	0	17,330
Public Protector	43,404	115	0	43,519	43,519	0	100%	0	43,519
President's fund	1	0	0	1	0	1	0%	0	0
Represented Political Parties Fund	66,653	0	0	66,653	66,653	0	100%	0	66,653
Total	553,485	202	0	553,687	553,686	1	100%	0	553,686

ANNEXURE 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor vehicle guarantees	0	1,698	0	1,036	0	662	0
		0 *	1,698	0	1,036	0	662	0
ABSA	Housing loan guarantees	0	8,334	353	565	0	8,122	0
Standard Bank	Housing loan guarantees	0	3,426	460	163	0	3,723	0
First Rand Bank: FNB	Housing loan guarantees	0	3,045	139	254	0	2,930	0
Old Mutual Bank	Housing loan guarantees	0	2,995	288	107	0	3,176	0
Peoples Bank Ltd Incorporating	Housing loan guarantees	0	2,235	0	184	0	2,051	0
First Rand Bank Ltd (FNB - Former)	Housing loan guarantees	0	2,058	0	245	0	1,813	0
Nedbank Limited	Housing loan guarantees	0	1,838	488	48	0	2,278	0
Peoples Bank Limited (Former FBC)	Housing loan guarantees	0	789	0	0	0	789	0
Other	Housing loan guarantees	0	980	241	36	0	1,185	0
Total		0 *	25,700	1,969	1,602	0	26,067	0

* This information is not available

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 3

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)

Physical Assets acquired during Financial Year 2003/04	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT						
Computer equipment	89,615	54,315	0	0	0	143,930
Furniture and office equipment	36,294	28,559	0	0	0	64,853
Other machinery and equipment	10,483	4,166	0	0	0	14,649
Transport assets	22,997	28,149	0	0	0	51,146
	159,389	115,189	0	0	0	274,578
Physical Assets acquired during Financial Year 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT						
Computer equipment	0	89,615	0	0	0	89,615
Furniture and office equipment	0	36,294	0	0	0	36,294
Other machinery and equipment	0	10,483	0	0	0	10,483
Transport assets	0	22,997	0	0	0	22,997
	0	159,389	0	0	0	159,389

Department of Justice and Constitutional Development - Vote 24



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 4

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS AND PUBLIC ENTITIES						
Agriculture	463	0	42	3,596	505	3,596
Auditor General	0	0	5	0	5	0
Arts, Culture & Technology	0	0	9	1,151	9	1,151
Government Communications (GCIS)	0	0	0	63	0	63
Government Communications & Inform System	418	0	386	2,475	804	2,475
Complaints Directorate	2	0	0	0	2	0
Correctional Services	966	0	650	2,423	1,616	2,423
Education	271	0	1,575	13,006	1,846	13,006
Environmental Affairs	270	0	12	1,870	282	1,870
Foreign Affairs	225	0	80	124	305	124
Health	491	0	0	812	491	812
Home Affairs	5,811	0	4	2,854	5,815	2,854
Housing	605	0	65	406	670	406
Labour	657	0	51	998	708	998
Land Affairs	2,349	0	2,023	2,982	4,372	2,982
Marine Living Resources	1,075	0	53	0	1,128	0
Mineral & Energy	689	0	228	877	917	877
Namibia	0	0	0	2,637	0	2,637
National Intelligence Agency	121	0	65	51	186	51
NPA	4,689	0	3,645	8,367	8,334	8,367
National Treasury	487	0	123	20,282	610	20,282
Office of President	318	0	139	257	457	257
Finance (Pensions Administration)	111	0	266	110	377	110
Public Protector	31	0	340	405	371	405
Public Service & Administration	232	0	270	40	502	40
Public Enterprises	0	0	15	260	15	260
Public Works	644	0	19,786	13,169	20,430	13,169
Prov & Local Government	53	0	124	107	177	107
SA Defence force	1,967	0	2,685	1,392	4,652	1,392
SA Police	12,734	0	12,860	26,121	25,594	26,121
SA Revenue Service	8,135	0	21	14,523	8,156	14,523
SA Secret Services	6	0	4	5	10	5
SA Management Development inst.	1	0	0	0	1	0

Department of Justice and
Constitutional Development - Vote 24

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000
Secretary of Parliament	0	0	358	0	358	0
Special Investigating Unit	0	0	0	50	0	50
Sport and Recreation	0	0	0	(11)	0	(11)
Statistics SA	216	0	0	22	216	22
Trade & Industry	557	0	180	2,033	737	2,033
Truth and Reconciliation	0	0	0	(61)	0	(61)
Transport	1,330	0	115	6,218	1,445	6,218
Water Affairs	1,477	0	0	6,562	1,477	6,562
Welfare	0	0	384	33,504	384	33,504
Constitutional Development	0	0	1,294	0	1,294	0
National departments total	47,401	0	47,857	169,680	95,258	169,680

PROVINCIAL DEPARTMENTS

Eastern Cape Provincial Government

Provincial Administration Eastern Cape	0	0	1	1	1	1
Agriculture	3,435	0	2	0	3,437	0
E/Cape Development Corporation	443	0	0	0	443	0
Public Works	38	0	3,861	0	3,899	0
Sport & Recreation	0	0	173	347	173	347
Social Development	23,982	0	16,887	0	40,869	0
Economic Affairs	14	0	222	0	236	0
Transport	0	0	921	0	921	0
Health	6,021	0	5,936	0	11,957	0
Housing	505	0	6	0	511	0
Environmental Affairs	40	0	1,494	0	1,534	0
Education	742	0	9,522	0	10,264	0
Finance	2,919	0	1,126	0	4,045	0
Provincial & Local Government	0	0	53	62	53	62
Office of the Premier	0	0	9,378	8,483	9,378	8,483
Province total	38,139	0	49,582	8,893	87,721	8,893

Department of Justice and
Constitutional Development - Vote 24



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000

GAUTENG PROVINCIAL GOVERNMENT

Gauteng Provincial Administration	0	0	151	14,933	151	14,933
Transport (GG)	0	0	4,143	0	4,143	0
Sport & Recreation	38	0	0	0	38	0
Housing	446	0	67	410	513	410
Agriculture	5	0	1	0	6	0
Transport	1,194	0	422	0	1,616	0
Social Development	7,659	0	7,104	0	14,763	0
Economic Affairs	0	0	536	491	536	491
Provincial & Local Government	148	0	62	0	210	0
Health	2,137	0	3,456	0	5,593	0
Finance	0	0	1,167	0	1,167	0
Education	0	0	2,170	0	2,170	0
Office of the Premier	0	0	1,663	83	1,663	83
Province total	11,627	0	20,942	15,917	32,569	15,917

NORTH WEST PROVINCIAL GOVERNMENT

North West Provincial Administration	0	0	1,603	7,045	1,603	7,045
State Tender Board	0	0	102	83	102	83
Traditional Affairs & Royal Household	90	0	10	29	100	29
Economic Affairs	395	0	56	0	451	0
Public Works	340	0	1,057	0	1,397	0
Agriculture	21	0	111	0	132	0
Transport	74	0	3	0	77	0
Social Development	0	0	156	0	156	0
Health	0	0	60	0	60	0
Education	390	0	208	0	598	0
Provincial & Local Government	31	0	0	107	31	107
Finance	0	0	82	0	82	0
Office of the Premier	36	0	122	37	158	37
Province total	1,377	0	3,570	7,301	4,947	7,301

Department of Justice and
Constitutional Development - Vote 24

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000

WESTERN CAPE PROVINCIAL GOVERNMENT

Western Cape Provincial Administration	0	0	530	3,706	530	3,706
EC Nature Conservation Board	12	0	8	0	20	0
Public Works	0	0	813	0	813	0
Education	0	0	83	0	83	0
Corporate Services	19	0	4	0	23	0
Agriculture	71	0	1	0	72	0
Economic Affairs	41	0	342	0	383	0
Social Development	2,724	0	5,626	0	8,350	0
Health	0	0	2,246	315	2,246	315
Finance	0	0	958	0	958	0
Housing	142	0	419	0	561	0
Provincial & Local Government	0	0	7	0	7	0
Office of the Premier	0	0	0	0	0	0
Province total	3,009	0	11,037	4,021	14,046	4,021

KWAZULU NATAL PROVINCIAL GOVERNMENT

Kwazulu Natal Provincial Administration	0	0	173	0	173	0
Public Works	0	0	743	0	743	0
Education	1,499	0	116	0	1,615	0
Agriculture	721	0	0	0	721	0
Social Development	8,548	0	763	0	9,311	0
Transport	1,690	0	0	0	1,690	0
Economic affairs	0	0	3	0	3	0
Health	258	0	1,609	0	1,867	0
Housing	189	0	28	411	217	411
Finance	0	0	69	0	69	0
Provincial & Local Government	36	0	153	5	189	5
Office of the Premier	0	0	1	0	1	0
Province total	12,941	0	3,658	416	16,599	416

Department of Justice and
Constitutional Development - Vote 24



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000
FREE STATE PROVINCIAL GOVERNMENT						
Free State Provincial Administration	0	0	44	23	44	23
Public Works	0	0	1,047	0	1,047	0
Agriculture	38	0	9	0	47	0
Finance	0	0	170	0	170	0
Health	36	0	540	0	576	0
Transport	0	0	0	0	0	0
Social Development	28	0	3,661	0	3,689	0
Environmental Affairs	0	0	29	0	29	0
Housing	122	0	93	411	215	411
Education	0	0	1,117	0	1,117	0
Gambling Board	30	0	0	44	30	44
Office of the Premier	0	0	505	0	505	0
Province total	254	0	7,215	478	7,469	478
MPUMALANGA PROVINCIAL GOVERNMENT						
Mpumalanga Provincial Administration	0	0	4,241	25	4,241	25
Provincial & Local Government	27	0	0	0	27	0
Health	0	0	7	0	7	0
Transport	0	0	12	0	12	0
Parks Board	0	0	206	0	206	0
Social Development	0	0	1,779	0	1,779	0
Housing	19	0	0	0	19	0
Province total	46	0	6,245	25	6,291	25
NORTHERN PROVINCIAL GOVERNMENT						
Provincial Administration Northern Province	0	0	7,079	7,045	7,079	7,045
Finance	0	0	1	0	1	0
Agriculture	0	0	27	0	27	0
Transport	38	0	7	0	45	0
Health	0	0	58	0	58	0
Province total	38	0	7,172	7,045	7,210	7,045

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000	R'000	R'000
NORTHERN CAPE GOVERNMENT						
Provincial Administration Northern Cape	0	0	648	1,333	648	1,333
Provinces total	0	0	648	1,333	648	1,333
Total of provinces	67,431	0	110,069	45,429	177,500	45,429
Grand total	114,832	0	157,926	215,109	272,758	215,109



Department of Justice and
Constitutional Development - Vote 24

**ANNEXURES TO THE
ANNUAL FINANCIAL STATEMENT**

for the year ended 31 MARCH 2004

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES - CURRENT

Department	Confirmed balance outstanding	Unconfirmed balance outstanding	Total
	31/03/2004	31/03/2004	31/3/2004
	R'000	R'000	R'000
NATIONAL DEPARTMENTS AND PUBLIC ENTITIES			
Agriculture	0	104	104
Health	0	11	11
Public Works	0	20,588	20,588
SA Police	0	135	135
SA Management Development Inst.	0	66	66
National departments total	0	20,904	20,904
PROVINCIAL DEPARTMENTS			
Eastern Cape Provincial Government			
Provincial Administration Eastern Cape	0	513	513
Province total	0	513	513
GAUTENG PROVINCIAL GOVERNMENT			
Transport (GG)	0	11,000	11,000
Health	0	3	3
Province total	0	11,003	11,003
WESTERN CAPE PROVINCIAL GOVERNMENT			
Health	0	3	3
Housing	0	8	8
Province total	0	11	11
FREE STATE PROVINCIAL GOVERNMENT			
Health		1	1
Province total	0	1	1
Total of provinces	0	11,528	11,528
Grand total	0	32,432	32,432



Part B National Prosecuting Authority (NPA)

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National Prosecuting Authority (NPA) - Vote 24

MANAGEMENT REPORT for the year ended 31 MARCH 2004

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

1. General Review of the State of Financial Affairs

The structure of the National Prosecuting Authority (NPA) remained largely unchanged for the second year of reporting to 31 March 2004. In terms of this structure, the NPA consisted of the following business units:

- National Prosecuting Service (NPS)
- Directorate of Special Operations (DSO) or Scorpions
- Asset Forfeiture Unit (AFU)
- Auxiliary Services: consisting of Sexual Offences & Community Affairs Unit (SOCA), Specialized Commercial Crimes Unit (SCCU), Witness Protection Programme (WPP) & the Priority Crimes Litigation Unit (PCLU)
- Corporate Services (CS)

The NPA has continued to operate on the same basis with respect to its relationship with the Department of Justice and

Appropriated amount

Adjustments

Appropriated amount

Virement to DOJCD

Total amount appropriated

Less total expenditure

TOTAL

The NPA budget was R1,066 billion for the 2003/04 financial year (2002/03:R948,568 million).

With respect to budgetary matters, the NPA does not administer the full budget for lower court prosecutors. The NPA budget has only the personnel budget for lower court prosecutors. The non-personnel budget remains with the DOJCD.

2. Services Rendered by the NPA

“Justice in our society so that people can live in freedom and security” is the vision of the NPA. The mission statement of the NPA is to provide an effective prosecution service that is prompt, vigorous and fearless, in the public interest, guided by the Constitution and Bill of Rights, where all are treated with humanity and sensitivity.

Constitutional Development (DOJCD). This means that, with respect to all NPA business units excluding the DSO, the CEO of the NPA operates as Accounting Officer on the basis of a delegation of authority from the Director-General. With respect to the DSO, the CEO of the NPA operates as the Accounting Officer as stipulated in the NPA Act. However, the DSO has appointed its own accounting officer.

These financial statements are the third separate set of financial statements produced for the NPA. These statements are to be annexed to the department's statements, by agreement with the DOJCD, National Treasury and Office of the Auditor General.

THE FINANCIAL POSITION

What follows is a summary of the current financial year's budget reconciliation:

2003/04 R'000	2002/03 R'000
1,020,020	942,316
46,000	6,252
1,066,020	948,568
(17,959)	(11,806)
1,048,061	936,762
(1,048,061)	(924,485)
0	12,277

- Public Prosecutions coordinates and assists prosecutions in the Office of the Director of Public Prosecutions and lower courts.
- Witness Protection Programme coordinates the safe keeping and protection of witnesses in certain serious cases.
- Special Operations, also known as Scorpions, deals with serious organized crime.

3. Capacity Constraints

The following are the most common capacity constraints facing the NPA:

3.1 HR & Corporate Services

- A new Executive Manager: HRM&D was recruited on contract in July 2003 to address concerns that were

National Prosecuting Authority (NPA) - Vote 24



MANAGEMENT REPORT

for the year ended 31 MARCH 2004

raised about lack of service delivery in the previous financial year.

3.2 Resource Constraints

- The major resource constraint the NPA faces are, as with previous years, at the coalface of delivery – in the lower courts.
- The NPA's non-personnel budget is under pressure in view of the growth in numbers of personnel over the past few years. This is exacerbated as indicated above due to the NPA's efforts to supplement some of the efforts of the DOJCD in meeting the resource needs of lower courts prosecutors despite the fact that it does not have a non-personnel budget for lower court prosecutors.
- Specific areas of the non-personnel budget that are under pressure include funding for training and development, information technology, infrastructure, fleet services and security equipment

3.3 Legislative Constraints

- The legislative framework for the NPA continues to present difficulties. The arrangement reached between the NPA and DOJCD regarding the responsibilities of both Accounting Officers, the CEO and the Director-General, are working well. However, both parties are in agreement that the arrangement

does not lend itself to good corporate governance. The NPA has accordingly made a submission during the 2002/2003 financial years, to the Minister of Justice and Constitutional Development for an amendment to the PFMA, listing the NPA as a constitutional institution.

- The Asset Forfeiture Unit is still proceeding with amendments to the Prevention of Organised Crime Act to structure the asset forfeiture procedure, which allows a hearing for the other party. This follows the recent ruling by the Constitutional Court that clarified that the unit is allowed to obtain freezing orders without hearing the other party but that the court has the discretion to allow the other party to be heard soon thereafter.

4. Leadership

- A new initiative, headed by the CEO, is under way to ensure the implementation of a strategic management system in the NPA. This will be based on the Balanced Scorecard system and is scheduled for full implementation in 2004/05.
- A leadership development program for members of the Senior Management Service commenced in 2003.

5. Utilisation of Donor Funds

Below is an exposition of projects funded through donations during the financial year under review:

Donor	Project	Short Description
USAID	Specialist Prosecutors	To empower prosecutors and other role players with specialised knowledge and skills to better handle cases of sexual and domestic violence through multidisciplinary training, community outreach and research programs.
WK Kellogg Foundation	Thuthuzela Project	To manage care centres for victims of child abuse and rape, training and development and public education.
UNICEF	Sexual Offences Courts	To manage care centres for victims of child abuse and rape, training and development and public education.
Vodacom	Thuthuzela Project	To establish, renovate and launch sexual offences courts.
SARS	SARS Unit	To assist the NPA in establishing a Tax unit.
Woolworths	Sexual Offences Courts	To develop a child friendly court environment.



National Prosecuting Authority (NPA) - Vote 24

MANAGEMENT REPORT for the year ended 31 MARCH 2004

6. Public/Private Partnership (PPP)

Details of existing and new PPP's are contained in the disclosure note 28 of the financial statements.

7. Corporate governance arrangements

7.1 Risk Management and Risk Assessment

The NPA attempted to recruit an Executive Manager: Risk Assessment in 2003 but failed to find a suitably experienced candidate. A revised post of Executive Manager: Strategic Planning & Risk Management has recently been advertised. If an experienced candidate is not found, arrangements will be made with various outside agencies to mentor a less experienced candidate and assist for a specific time period, to ensure that a comprehensive strategic planning and risk management program is implemented in the NPA in 2004.

A risk assessment was conducted by an outside service provider to provide the basis for the current internal audit underway in the NPA.

A draft Integrity Promotion Strategy, Code of Ethics and Business Conduct, Whistle Blowing Strategy and Policy and Response Plan for Unethical Conduct, Fraud and Corruption has been drafted by the Integrity Management Unit and adopted by the NPA Executive Committee (Exco) as a working document.

7.2 Internal Audit

The Audit Committee has held several meetings with the NPA Exco on issues of internal audit. A consortium of external audit firms is currently engaged to assist the Executive Manager: Internal Audit to perform certain of the audit functions while the unit is still being established. The consortium has also been contracted to assist with the development of newly recruited staff to the unit.

8. Events after the reporting date

No significant events affecting the financial year under review occurred after the reporting date.

9. Progress with financial management improvement

The emphasis of matters as raised by the AG

The Auditor-General previously reported a lack of review and approval of payrolls. The Finance and Procurement section of Corporate Services has ensured that such approval is obtained.

Regarding the issue on the compliance with the Value Added Tax Act of 1991 amendment, which related to the registration for Vat for the recovery of foreign donors, the NPA has registered and will submit claims to SARS.

Inefficiencies in the suspense account, donor funds and debt recovery was also addressed in the 2003/2004 financial year as follows:

- The Suspense account was reduced to less than R112, 000 in the 2003/2004 financial years as compared to the R1,885 million in the previous financial year.
- Donor Funds inefficiencies were addressed in that there is a contract for some donors and proper allocation of cost relating to each donor.
- Debt recovery control has been initiated, but there is still a delay with the recovery. A file is created for each debtor, which is followed up on a monthly basis.

10. Performance Information

The NPA has implemented a manual Balanced Scorecard System for the organization's performance management. Each business unit has a strategy map, scorecard and reports on progress to Exco (Executive Committee) on a regular basis. Individual performance agreements derived from unit scorecard have largely been concluded. The NPA is still considering the implementation of a fully automated organization's performance management system.

11. Other

11.1 Committee on Irregular, Unauthorized, Fruitless and Wasteful Expenditure.

This committee continues to function under the leadership of the Deputy Director of Public Prosecutions. All instances of irregular, unauthorized, fruitless and wasteful expenditure are forwarded to the committee for investigation. A number of cases have been forwarded to the State Attorney's Office. A lengthy reply to many cases was recently received by the CEO and is being discussed with the committee and the CFO.

**National Prosecuting Authority (NPA)
- Vote 24**



MANAGEMENT REPORT

for the year ended 31 MARCH 2004

The annual financial statements set out on pages 70 to 99 have been approved by the Accounting Officer.

Adv. V Pikoli
Director-General
Justice and Constitutional
Development
Date: 28/07/04

Ms Marion Sparg
Chief Executive Officer
National Prosecuting
Authority
Date: 28/07/04



National Prosecuting Authority (NPA) - Vote 24

REPORT OF THE AUDITOR-GENERAL for the year ended 31 MARCH 2004



AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL PROSECUTING AUTHORITY FOR for the year ended 31 MARCH 2004

1. Audit Assignment

The financial statements as set out on pages 70 to 99, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and Scope

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

An audit includes:

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

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

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

3. Audit Opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Prosecuting Authority at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with the prescribed accounting practice and in the manner required by the Public Finance Management Act, (Act 1 of 1999).

4. Emphasis of Matter

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

4.1 Donor Management

Evaluation of donor project management at the National Prosecuting Authority (NPA) have identified the following weaknesses:

- Value Added Tax (VAT) returns to recover taxes incurred utilising foreign donor monies had not been submitted to the South African Revenue Services for the 2003 and 2004 financial years. This contravenes Section 28(1) of the VAT Act.

4.2 Approved Policies and procedures

Treasury Regulations 3.2, 8.2, 11.2 and 11.4 stipulate that formalised and approved policies should be implemented for effective financial management. It has been identified that approved and formalised policies were not implemented for the following areas which constitutes non-compliance with the Treasury Regulations:

- Debtors management
- Debt write-offs
- A risk management strategy including a fraud prevention plan
- Delegation of authority

The current internal control environment operates in accordance with general practice in government.

4.3 Suspense Accounts

As reflected in note 14 to the financial statements, transactions totalling R1,3 million (2003: R0,7 million) had been uncleared for more than a year which results in non-compliance with Treasury Regulation 17.1. Uncertainty exists with regard to the recoverability of these long outstanding amounts.

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REPORT OF THE AUDITOR-GENERAL

for the year ended 31 MARCH 2004



AUDITOR-GENERAL

Management have indicated that they have appointed a tracing agent to assist with the debt collection as most of the outstanding debt relates to ex-employees of the NPA.

4.4 Disclosure notes to the financial statements

The audit of the entity's process utilised to quantify contingent liabilities identified the following weakness:

- The NPA does not maintain a register for all financial housing guarantees issued on behalf of employees. Discussions with management have identified that information on PERSAL has been relied on for the management of financial guarantees. It has however also been identified that PERSAL is not updated timeously.
- The NPA has not obtained confirmations from financial institutions to ensure that all financial guarantees issued have been completely recorded on annexure 1 of the financial statements.

4.5 Accountability and governance status of the NPA

Interim approval has been granted by the Accountant-General for the NPA to prepare their own set of financial statements since the 2002 financial year. There has been no finality reached on the following critical matters, affecting the accountability and governance status of the NPA.

- Clear definition of the accounting officer of the NPA.
- The listing of the NPA as an entity in terms of the Public Finance Management Act.
- The mechanism of funding for the NPA.

The above has resulted in numerous delays in finalising the financial statements of the NPA.

4.6 Internal Audit

The audit executed for the year under review was executed without reliance being placed on the tasks performed by the internal audit unit. This was due to the time delay experienced in finalising the unit's assignments. The eleven assignments, which were relevant for external audit purposes, were not finalised timeously.

5. Appreciation

The assistance rendered by the staff of the National Prosecuting Authority during the audit is sincerely appreciated.

N Manik
for Auditor-General

Pretoria

28 / 07 / 2004



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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2004

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

1. Basics 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. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

3. Donor aid

Donor aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

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

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this Act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account is raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

6. Debts written off

There is currently no policy, however the NPA is in the process of finalising a policy in this regard.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2004, to be consumed in the following financial year, is written off in full when paid for and is accounted for as expenditure in the income statement.

8. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party. Receivables for services delivered are not recognised in the balance sheet as a current asset or as income

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

for the year ended 31 MARCH 2004

in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

9. Payables

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

10. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

11. Lease commitments

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

12. Accruals

This amount represents goods / services that have been delivered, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

13. Employee benefits

Short-term employee benefits

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

Termination benefits

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

Retirement benefits

The NPA provides retirement benefits for its members through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when paid to the fund. No provision is made for retirement benefits in the financial statements of the NPA. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Medical benefits

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

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

14. Recoverable revenue

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

15. Comparative figures

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

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APPROPRIATION STATEMENT for the year ended 31 MARCH 2004

Programme	2003/2004						2002/2003	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings/ (Excess)	Expenditure as % of revised allocation	Final Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Programme 4								
Current	1,026,822	(884)	1,025,938	1,025,938	0	100.00%	908,235	901,932
Capital	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485
Reconciliation with income statement								
Add: Local and foreign aid assistance (incl. RDP funds)				7,511				1,150
Actual expenditure per income statement				1,055,572				925,635

- National Prosecuting Authority is aware of section 43(4) of the PFMA, which states "This section does not authorise the utilisation of a saving in an amount appropriated for capital expenditure in order to defray current expenditure." As per the Adjusted Estimates of National Expenditure issued by National Treasury, "R 28,278 million was reallocated from personnel expenditure to provide for the rental of buildings as part of the Public Private Partnership between the Department of Public Works and the National Prosecuting Authority. The shift is possible because of the late fillings of vacancies." The Adjusted Estimates table did not reflect the adjustment appropriately as current, hence the Virement from capital expenditure to current expenditure.

Sub-programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
1. PUBLIC PROSECUTIONS	738,761	2,228	740,989	740,989	0	100.00%	630,592	621,693
Current	719,757	6,244	726,001	726,001	0	100.00%	625,227	617,917
Capital	19,004	(4,016)	14,988	14,988	0	100.00%	5,365	3,776
2. SPECIAL OPERATIONS	290,735	(25,544)	265,191	265,191	0	100.00%	272,000	271,843
Current	270,712	(8,541)	262,171	262,171	0	100.00%	253,515	261,265
Capital	20,023	(17,003)	3,020	3,020	0	100.00%	18,485	10,578
3. WITNESS PROTECTION	36,524	5,357	41,881	41,881	0	100.00%	34,170	30,949
Current	36,353	1,413	37,766	37,766	0	100.00%	34,170	30,518
Capital	171	3,944	4,115	4,115	0	100.00%	0	431
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485

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APPROPRIATION STATEMENT

for the year ended 31 MARCH 2004

Economic Classification	2003/04					2002/03		
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
CURRENT	1,026,822	(884)	1,025,938	1,025,938	0	100.00%	908,235	901,932
Personnel	753,258	288	753,546	753,546	0	100.00%	707,729	663,414
Other	273,564	(1,172)	272,392	272,392	0	100.00%	200,506	238,518
CAPITAL	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
Acquisition of Capital Assets	39,198	(17,075)	22,123	22,123	0	100.00%	28,527	22,553
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485

Standard Item Classification	2003/04					2002/03		
	Adjusted Appropriation	Virement	Final Allocation	Actual Expenditure	Savings (Excess)	Expenditure as % of Revised Allocation	Revised Allocation	Actual Expenditure
	R' 000	R' 000	R' 000	R' 000	R' 000		R' 000	R' 000
Personnel	753,258	288	753,546	753,546	0	100.00%	707,729	663,414
Administrative	107,947	(8,431)	99,516	99,516	0	100.00%	57,993	100,900
Inventories	17,928	29	17,957	17,957	0	100.00%	12,237	15,227
Equipment	12,920	14,226	27,146	27,146	0	100.00%	25,879	24,133
Land and Buildings	28,278	(16,007)	12,271	12,271	0	100.00%	0	7,592
Professional and Special Services	108,966	(6,404)	102,562	102,562	0	100.00%	102,074	86,729
Miscellaneous	36,723	(1,897)	34,826	34,826	0	100.00%	30,850	26,490
Special Functions	0	237	237	237	0	100.00%	0	0
Total	1,066,020	(17,959)	1,048,061	1,048,061	0	100.00%	936,762	924,485



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NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2004

1. Theft and Losses amounting to R 237,000 refer to losses which are not budgeted for.

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INCOME STATEMENT
(STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
REVENUE			
Voted funds			
Annual Appropriation	1	1,048,061	936,762
Other revenue to be surrendered to the revenue fund	2	2,219	1,128
Local and foreign aid assistance (incl. RDP funds)	4	14,010	4,820
TOTAL REVENUE		1,064,290	942,710
EXPENDITURE			
Current			
Personnel	5	753,546	663,414
Administrative		99,516	100,900
Inventories	6	17,957	15,227
Machinery and Equipment	7	5,023	1,580
Land and buildings	8	12,271	7,592
Professional and special services	9	102,562	86,729
Miscellaneous	10	34,826	26,490
Local and foreign aid assistance (incl. RDP funds)	4	6,154	1,150
Special functions: authorised losses	11	237	0
Total Current Expenditure		1,032,092	903,082
Capital			
Machinery and Equipment	7	22,123	22,553
Local and foreign aid assistance (incl. RDP funds)	4	1,357	0
Total Capital Expenditure		23,480	22,553
TOTAL EXPENDITURE		1,055,572	925,635
NET SURPLUS			
Add back unauthorised and fruitless and wasteful expenditure disallowed	12	1,596	608
NET SURPLUS FOR THE YEAR		10,314	17,683
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	15	1,596	12,885
Other Revenue to be surrendered to the Revenue Fund	16	2,219	1,128
Local and foreign aid assistance (incl. RDP Funds)	4	6,499	3,670
NET SURPLUS FOR THE YEAR		10,314	17,683



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BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

for the year ended 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
ASSETS			
Current assets		33,786	32,641
Unauthorised and fruitless and wasteful expenditure	12	2,084	1,219
Cash and cash equivalents	13	8,319	22,572
Receivables	14	23,383	8,535
Local and foreign aid assistance (incl. RDP funds) receivable from the donors	4	0	315
TOTAL ASSETS		33,786	32,641
LIABILITIES			
Current liabilities		23,704	28,743
Voted funds to be surrendered to the Revenue Fund	15	1,596	13,553
Other revenue funds to be surrendered to the Revenue Fund	16	1,044	64
Payables	17	21,064	15,126
TOTAL LIABILITIES		23,704	28,743
NET ASSETS		10,082	3,898
Represented by:			
Local and foreign aid assistance (incl. RDP funds)	4	10,082	3,898
TOTAL		10,082	3,898

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STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 MARCH 2004

Local and foreign aid assistance (incl. RDP funds) remaining

Opening balance

Transfers

Closing balance

	2003/04	2002/03
Note	R'000	R'000
4	3,898	3,898
4	6,184	0
	10,082	3,898



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CASH FLOW STATEMENT

for the year ended 31 MARCH 2004

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	18	33,794	40,236
Cash utilised to decrease working capital	19	(8,910)	(75,513)
Voted funds and Revenue Funds surrendered	20	(14,792)	(2,094)
Unauthorised expenditure movement	12	(865)	(608)
Net cash flow available from operating activities		9,227	(37,979)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(23,480)	(22,553)
Net cash flows from operating and investing activities		(14,253)	(60,532)
Net decrease in cash and cash equivalents		(14,253)	(60,532)
Cash and cash equivalents at beginning of period		22,572	83,104
Cash and cash equivalents at end of period	13	8,319	22,572

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

1. Annual Appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Prosecuting Authority:

Programmes	Total Appropriation 2003/04 R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2002/03 R'000
Programme 4	1,048,061	1,048,061	0	936,762
Total	1,048,061	1,048,061	0	936,762

2. Other revenue to be surrendered to revenue fund

Description	2003/04 R'000	2002/03 R'000
Cheques written back / stale cheques	228	291
Debt: Contract department	12	0
Rent: Property	402	179
Recoveries of previous years expenditure incurred by DOJCD	711	195
Parking: Officials	40	(1)
Commission	508	266
Interest received	6	1
Miscellaneous revenue	312	197
	2,219	1,128

**3. Gifts, donations and sponsorships received in kind
excluding RDP funds by the department**

Nature of gift, donation and sponsorship	2003/04 R'000	2002/03 R'000
Telkom – Penuel Maduna Golf Classic	30	0
Auto and General – Two Vehicles	229	0
Kumba Resources – Penuel Maduna Golf Classic	50	0
Vodacom – Water Bottles and soccer kit	0	9
Impumelelo Innovation Award – Gold Award	50	0
Vodacom – T-shirts and Caps	3	0
	362	9



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

4 Local and foreign aid assistance (including RDP funds)

4.1 Assistance received in cash Name of Donor	2003/2004				
	Opening Balance R'000	Revenue R'000	Expenditure		Closing Balance R'000
			Current R'000	Capital R'000	
Local					
Vodacom	0	3,033	65	132	2,836
SARS	0	10,000	5,184	718	4,098
Woolworths	0	254	0	0	254
African Bank	0	15	15	0	0
Microsoft	0	20	20	0	0
SITA	0	30	30	0	0
Nedcor	0	50	50	0	0
Foreign					
WK Kellog	2,315	0	362	95	1,858
UNICEF	1,583	0	428	412	743
USAID	(315)	608	0	0	293
	3,583	14,010	6,154	1,357	10,082

Analysis of balance

Amounts owing by the RDP fund/donors
Assistance rolled over

	2003/04 R'000	2002/03 R'000
Amounts owing by the RDP fund/donors	0	(315)
Assistance rolled over	10,082	3,898
	10,082	3,583

4.2 Assistance received in cash Name of Donor	2003/2004				
	Opening Balance R'000	Revenue R'000	Expenditure		Closing Balance R'000
			Current R'000	Capital R'000	
Foreign					
WK Kellog	381	2,118	184	0	2,315
UNICEF	0	2,000	417	0	1,583
USAID	(376)	610	549	0	(315)
Finland	(92)	92	0	0	0
	(87)	4,820	1,150	0	3,583

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

Analysis of balance

Amounts owing by the RDP fund/donors
Assistance rolled over

2003/04 R'000	2002/03 R'000
(315)	(468)
3,898	381
3,583	(87)

4.3 Name of donor and purpose

Local

Vodacom

To establish, renovate and launch sexual offences courts and Thuthuzela care centres.

SARS

To assist the National Prosecuting Authority in establishing the SARS Tax unit. This was to ensure that the NPA could prosecute tax related matters successfully.

Woolworths

To develop child friendly court environments.

African Bank, Microsoft, SITA, Nedcor

Assistance for the organization of Penuel Maduna Golf Classic.

Foreign

WK Kellog

Funding and multidisciplinary training for Thuthuzela Care Centres at Libode and Baragwanath as well as a public awareness campaign.

UNICEF

Sexual offences and Community Affairs strategic planning and review sessions. Closed circuit TV systems for 20 courts. Furniture and equipment for victim friendly facilities.

USAID

Management and development training on prosecuting child sex offenders. Public awareness campaign and publishing articles in the "Mini Mag" on the rights of children.

4.4 Assistance received in kind

(Value not included in the income statement)

Name of donor and purpose

Donation of books to Witness Protection
Prima Toys - Toys for Witness Protection
Independent Project Truts - Workshop

2003/04 R'000	2002/03 R'000
4	0
3	0
0	1,187
7	1,187

5. Personnel

Current expenditure

Basic salary costs
Pension contributions
Medical aid contributions
Other salary related costs

2003/04 R'000	2002/03 R'000
549,179	486,702
77,357	69,593
26,938	22,476
100,072	84,643
753,546	663,414

Average number of employees

3 846	3 872
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 MARCH 2004

6. Inventories

Current expenditure	2003/04 R'000	2002/03 R'000
Inventories purchased during the year		
Computers Software and Consumables	354	5,631
Books, Magazines and Publications	4,512	2,515
Stationery	5,820	3,182
Exhibitions	2,845	534
Clothing: Uniform and Protective Clothing	101	2,358
Print : NPA	3,320	499
Other	1,005	508
Total cost of inventories	17,957	15,227

7. Machinery and equipment

Note	2003/04 R'000	2002/03 R'000
Current (rentals, maintenance and sundry)	5,023	1,580
Capital	22,123	22,553
Total capital and current expenditure	27,146	24,133

7.1 Capital machinery and equipment expenditure analysed as follows

2003/04 R'000	2002/03 R'000
Computer equipment	5,071
Furniture and office equipment	9,029
Other machinery and equipment	5
Cellular Telephone equipment	100
Surveillance equipment	576
Government Vehicles	0
PABX Telephone system	7,772
IT Equipment	0
22,123	22,553

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

8. Land and Buildings

Current Expenditure

Rental

Total current expenditure

	2003/04 R'000	2002/03 R'000
Rental	12,271	7,592
Total current expenditure	12,271	7,592

Land and Buildings are owned by Department of Public Works. Increase in expenditure is due to the rental of new buildings in Cape Town.

9. Professional and special services

Current expenditure

Auditors' remuneration

- Regularity audit

- Computer audit

Legal and Transcription services

Contractors and Security services

Professional Services :Others

Consultants and advisory services

Computer services

Special security services

Commissions and committees

IT infrastructure

Other

Total

	2003/04 R'000	2002/03 R'000
Auditors' remuneration		
- Regularity audit	1,882	0
- Computer audit	99	0
Legal and Transcription services	8,553	705
Contractors and Security services	26,377	18,089
Professional Services :Others	8,980	26,245
Consultants and advisory services	27,336	5,109
Computer services	2,687	36,581
Special security services	5,714	0
Commissions and committees	1,090	0
IT infrastructure	17,651	0
Other	2,193	0
Total	102,562	86,729

Comparative figures have been restated due to the inclusion of two additional categories of Professional and Special Services viz. Commissions and committees and IT infrastructure.

There is no expenditure with regard to Auditors' remuneration in the prior year as it was paid by the DOJCD.

National Prosecuting Authority (NPA)
- Vote 24



NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

10. Miscellaneous

10.1 Current expenditure

	Note	2003/04 R'000	2002/03 R'000
Remissions, refunds & payments made as an act of grace	10.2	0	4
Gifts, donations and sponsorships	10.3	84	595
Witness Fees		256	2
Informer Fees		4,651	2,925
Protective Custody of Witnesses		29,310	22,789
Psychiatric fees		72	82
Losses and deficiencies	10.4	445	0
Injury on Duty		8	93
Total miscellaneous expenditure		34,826	26,490

10.2 Remissions, refunds and payments made as an act of grace

Nature of remissions, refunds and payments	2003/04 R'000	2002/03 R'000
Loss of Personal Items: R van der Ross	0	3
Financial Loss due to late salary payments	0	1
	0	4

10.3 Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)

Nature of gifts, donations and sponsorships	2003/04 R'000	2002/03 R'000
Purchase of promotional items for national and international guests	84	0
Promotional items	0	595
	84	595

10.4 Losses and deficiencies

	2003/04 R'000	2003/04 R'000
Interest on late payment of PAYE	427	0
Housing guarantee paid to bank on death of employee	18	0
	445	0

National Prosecuting Authority (NPA)
- Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

11. Special Functions: Authorised losses

	Note	2003/04 R'000	2002/03 R'000
Material losses written off	11.1	237	0
		237	0

11.1 Material losses written off

	2003/04 R'000	2003/04 R'000
Damage to government vehicles	32	0
Legal costs	205	0
	237	0

12. Unauthorised and fruitless and wasteful expenditure disallowed

	Note	2003/04 R'000	2002/03 R'000
Unauthorised expenditure	12.2	0	523
Fruitless and wasteful expenditure	12.4	2,084	696
		2,084	1,219

12.1 Reconciliation of unauthorised expenditure

	2003/04 R'000	2003/04 R'000
Opening balance	523	523
Transfer to DOJCD	(523)	0
Closing balance	0	523

12.2 Unauthorised expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2003/04 R'000	2003/04 R'000
2000/01 Non Compliance With STB	Subsequently been transferred to DOJCD	0	523
		0	523



National Prosecuting Authority (NPA) - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 MARCH 2004

12.3 Reconciliation of fruitless and wasteful expenditure

	2003/04 R'000	2003/04 R'000
Opening balance	696	88
Fruitless and wasteful – current year	1,596	608
Transferred to receivables	(208)	0
Closing balance	2,084	696

12.4 Fruitless and wasteful expenditure

		2003/04 R'000	2002/03 R'000
Incident	Disciplinary steps taken / criminal proceedings		
Cell phone Subscription	Matter still pending finalisation of investigation.	405	398
Material irregularity	Matter Finalised - Debt Created	0	208
Interest on Telephone	Matter still pending finalisation of investigation.	69	69
Interest on PAYE	Matter still pending finalisation of investigation.	427	0
Legal Costs on S&T Claim	Letters sent to officials to accept responsibility – matter still pending	21	21
Hotel non arrivals	Under investigation – letters sent to officials to obtain explanations	1,162	0
		2,084	696

13. Cash and cash equivalents

	Note	2003/04 R'000	2002/03 R'000
Paymaster General Account	13.1	8,319	22,572
		8,319	22,572

National Prosecuting Authority (NPA) - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

13.1 Paymaster General Account

Balance as per National Office
Outstanding payments
Outstanding receipts
ACB debit account
PMG adjustment account
Electronic funds payable
Balance as per balance sheet

	2003/04 R'000	2002/03 R'000
	21,095	55,261
	(13,397)	(24,818)
	0	8
	146	(662)
	520	(7,124)
	(45)	(93)
	8,319	22,572

14. Receivables – current

Amounts owing by other departments
Advance paid to Public Works
Staff debtors
Other debtors
Advances

Notes	2003/04 R'000	2003/04 R'000
Annexure 3	948	287
	15,500	0
14.2	3,648	1,915
14.3	2,715	873
14.4	572	5,460
	23,383	8,535

14.1 Amounts of R 1,277,000 (2003; R 702,000) may not be recoverable, but have not been written off in Income Statement.

14.2 Age analysis – receivables Staff debtors

Less than one year
One to two years
More than two years

	2003/04 R'000	2003/04 R'000
	2,371	1,213
	660	702
	617	0
	3,648	1,915

Staff debts, which are more than two years old, have been handed over to the State Attorney for recovery.

Other Debtors

Less than one year

Advances

Less than one year

	2,715	873
	572	5,460
	6,935	8,248



National Prosecuting Authority (NPA)
- Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

14.2 Staff debtors

	2003/04 R'000	2003/04 R'000
Ex-employees	994	522
Subsistence & Travel	347	182
Merit awards disallowed	350	184
Cellphone	1642	862
Tips, tray charges and non arrivals	315	165
	3,648	1,915

14.3 Other debtors

	2003/04 R'000	2002/03 R'000
Disallowance Miscellaneous	345	308
PAYE Adjustment	166	89
Disallowance Private Telephone	413	26
Salary receivables account	1,583	450
Material irregularity debt transferred from fruitless and wasteful expenditure	208	0
	2,715	873

14.4 Advances

Nature of advances	2003/04 R'000	2003/04 R'000
Subsistence and Travel	530	451
Advance Petty Cash	42	5,009
	572	5,460

National Prosecuting Authority (NPA) - Vote 24

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

15. Voted funds to be surrendered to the Revenue Fund

	2003/04 R'000	2003/04 R'000
Opening balance	13,553	668
Transfer from income statement	1,596	12,885
Paid during the year	(13,553)	0
Closing balance	1,596	13,553

16. Other revenue funds to be surrendered to the Revenue Fund

	2003/04 R'000	2003/04 R'000
Opening balance	64	1,030
Transfer from income statement for revenue to be surrendered	2,219	1,128
Paid during the year	(1,239)	(2,094)
Closing balance	1,044	64

17. Payables – current

Description

	Notes	2003/04 R'000	2002/03 R'000
Advances Payable to DOJCD		17,959	11,956
Other payables	17.1	3,105	3,170
		21,064	15,126

The comparative figures have been restated due to Voted funds to be surrendered to the Revenue Fund which was previously included under payables is now separately disclosed.

17.1 Other payables

	2003/04 R'000	2002/03 R'000
General Suspense Account	112	1,885
Subsistence and Travel (Persal)	80	0
Warrant voucher re-issue	121	3
Tax RSA	2,515	1,138
Salary payables account	277	114
	3,105	3,170



**National Prosecuting Authority (NPA)
- Vote 24**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

18. Net cash flow generated by operating activities

	2003/04 R'000	2002/03 R'000
Net surplus as per Income Statement	10,314	17,683
Adjusted for items separately disclosed	23,480	22,553
Purchase of Equipment	23,480	22,553
Net cash flow generated by operating activities	33,794	40,236

19. Cash utilised to decrease working capital

	2003/04 R'000	2002/03 R'000
(Increase) / Decrease in receivables – current	(14,848)	3,338
Increase / (Decrease) in payables – current	5,938	(78,851)
	(8,910)	(75,513)

20. Voted funds and revenue funds surrendered

	2003/04 R'000	2002/03 R'000
Voted funds surrendered	13,553	0
Revenue funds surrendered	1,239	2,094
	14,792	2,094

**National Prosecuting Authority (NPA)
- Vote 24**

**DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 MARCH 2004

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

21. Contingent liabilities

Liable to	Nature		2003/04 R'000	2002/03 R'000
Motor vehicle guarantees	Employees	Annexure 1	1,267	1,535
Housing loan guarantees	Employees	Annexure 1	5,318	453
			6,585	1,988

22. Commitments

	2003/04 R'000	2002/03 R'000
Current expenditure		
Approved but not yet contracted	39,748	29,763
Capital expenditure		
Approved but not yet contracted	2,558	7,469
Total Commitments	42,306	37,232

23. Accruals

Listed by standard Item	2003/04 R'000	2002/03 R'000
Personnel	34	0
Administrative	2,198	518
Inventory	272	0
Equipment	372	0
Professional and Special services	25,206	182
Miscellaneous	1,190	0
	29,272	700



National Prosecuting Authority (NPA) - Vote 24

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

Listed by sub programme

Public Prosecution
Special Operations
Witness Protection Programme

	2003/04 R'000	2002/03 R'000
Public Prosecution	19,461	465
Special Operations	7,659	183
Witness Protection Programme	2,152	52
	29,272	700

24. Employee benefits

Leave entitlement
Thirteenth cheque
Performance bonus

	2003/04 R'000	2002/03 R'000
Leave entitlement	90,767	8,973
Thirteenth cheque	22,827	33,596
Performance bonus	12,120	14,051
	125,714	56,620

25. Leases

25.1 Operating leases

Various Lessors

Not later than 1 year
Later than 1 year and not later than 3 years
Later than 3 years

Total present value of lease liabilities

	Property R'000	Equipment R'000	Total 2003/04 R'000	Total 2002/03 R'000
Not later than 1 year	11,772	33,600	45,372	45,121
Later than 1 year and not later than 3 years	17,042	67,201	84,243	87,402
Later than 3 years	51,555	369,605	421,160	463,373
Total present value of lease liabilities	80,369	470,406	550,775	595,896

National Prosecuting Authority (NPA)
- Vote 24

**DISCLOSURE NOTES TO THE
ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 MARCH 2004

26. Irregular expenditure

26.1 Movement Schedule of irregular expenditure

	2003/04 R'000	2002/03 R'000
Opening Balance	7,770	2,953
Irregular expenditure – current year	15,500	4,817
Irregular expenditure prior year transferred to DOJCD	(1,806)	0
Incorrectly disclosed as irregular prior years	(4,817)	0
Expenditure awaiting condonement	16,647	7,770

Analysis

	2003/04 R'000	2002/03 R'000
Current	15,500	4,817
Adjustments	(6,623)	0
Prior Years	7,770	2,953
	16,647	7,770

26.2 Not condoned expenditure

Incident	Disciplinary steps taken / criminal proceedings	2003/04 R'000	2003/04 R'000
Non compliance with State Tender Board	Still under investigation	0	2,953
Non compliance with State Tender Board	Still under investigation	0	4,817
Non compliance with State Tender Board	Still under investigation	1,147	0
Non compliance with National Treasury Practise note	Still under investigation	15,500	0
		16,647	7,770



National Prosecuting Authority (NPA) - Vote 24

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

- The amount of R7,770,000 was disclosed in the previous financial year. Of the R7,770,000 an amount of R4,817,000 is no longer regarded as irregular as the State Tender Board granted the Witness Protection Programme a retrospective delegation.
- The remaining balance from point 1 above was R2,953,000. From this balance an amount of R1,147,000 is still under investigation. Included in this amount is an amount of R70,000, which has been referred to the State Tender Board for an expo factor approval and the result thereon is still pending.
- The amount of R1,806,000 has been referred to DOJCD as it relates to expenditure prior to 1 April 2001.
- An amount of R15,500 000 was transferred to Department of Public Works for the purchase of a building and it is still under investigation.

27. Key management personnel

27.1 Remuneration

National Director of Public Prosecutions

Deputy National Directors of Public Prosecutions

Chief Executive Officer

Deputy Chief Executive Officer

Chief Financial Officer

Other key management

No. of Employees	2003/04 R'000	2002/03 R'000
1	905	849
4	3,078	2,889
1	787	738
1	611	573
1	504	472
20	13,815	16,478
28	19,700	21,999

28. Public Private Partnerships

Headquarters Facilities Management – Victoria and Griffiths Mxenge Building

In October 2001, the NPA commenced with a process to secure new premises to accommodate all head office personnel. At the time, the NPA had operated from seven buildings in and around Pretoria, with most of the leases nearing expiry dates. The NPA was advised by the Public/ Private Partnerships (PPP) unit of the National Treasury that a typical PPP processes would take up to eighteen months to complete before even construction could commence.

The NPA then decided to embark on PPP aligned process to ensure that the basic principles of PPP are complied with (i.e. User needs met, Affordability and Value for Money), whilst still using traditional tender processes and the Department of Public Works (DPW). After serious consultation with the PPP unit, National Treasury, DPW and DOJCD, a clear and transparent

process of identifying the needs of users was developed and kept out to secure the new premises.

The NPA moved into its new facility on 1st October 2002. Provision of the facility is through the following contract:

Base lease and hard services

Lease agreement has been established by DPW with the building owner for the rental of the building over a 15-year period. The agreement is managed by DPW on behalf of the NPA.

Facilities management and soft services

The entire facility is managed through a Service Level Agreement between Corporate Facilities Managers, the building owner and the NPA. The services are procured through government-aligned tenders, which have stringent empowerment capacity-building requirements.

National Prosecuting Authority (NPA) - Vote 24

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

VGM PROJECT

THE DESCRIPTION OF THE ARRANGEMENT

All arrangements between the NPA and private partners are governed by the Contract on Soft Services as a Best Practice to Public Private Partnership Agreement-Treasury Approval 3 – Project SABC & VGM.

The National Prosecuting Authority has adopted a PPP model to procure Head Office Accommodation, on the basis of deliberations and prior approvals by the State Tender Board through the recommendations of the National Treasury's PPP Unit.

The agreement assumes three basic principles of a PPP: (a) Value for money, where the payment mechanism has a performance element, (b) Risk Transfer, where compliance is ensured, and (c) Affordability, where a Base Line option of combining soft and hard services, was chosen.

SIGNIFICANT TERMS OF ARRANGEMENT

AMOUNT

From the effective date of the Facilities Management Agreement 23 services were rendered at the agreed Service Provision Fee as reflected in the Financial Statements.

TIMING

The duration of this Agreement shall commence on the effective date and subject to the rights of termination stipulated herein, shall continue as long as the Lease Agreement.

CERTAINTY OF FUTURE CASH FLOWS

Benchmarking (page 12 clause 16 of the Facilities Management Agreement) of the cost, nature, scope and level of services is conducted on a yearly basis by both parties to ensure industry norms and standards. Responsibility is passed onto the private partner whom in turn takes full responsibility of all services.

NATURE AND EXTENT OF:

1. Rights to use specified assets

The nature of the assets used by the NPA includes premises as specified in the signed Lease Agreement as well as the equipment and fittings such as cabling and IT equipment, furniture and technical security equipment. These items were acquired

in terms of an agreement between the National Prosecuting Authority and Leopont 444 (Pty) Ltd.

The extent of the rights to use the equipment is for the sole benefit of the National Prosecuting Authority for the duration of the Agreement.

2. Obligations to provide or right to expect provisions of services

The service provider is obligated to provide the highest level of service to the NPA in terms of the Facilities Management Agreement. The standard of services for the 23 services are set out in detail in the Service Level Schedules. The rights and obligations of the NPA are also entrenched in this agreement.

3. Obligations to acquire or build items of property, plant and equipment

No obligations to acquire or build items of property, plant and equipment exist on the side of the NPA. However, should the NPA require additional accommodation, equipment etc. during its growth period, both the Lessor and the service provider will provide these after the normal channels for approval have been followed.

4. Obligations to deliver or rights to receive specified assets at the end of the concession period

The NPA is under no obligation to deliver any monetary or physical performance in exchange for the use of any buildings or equipment at the end of the concession period. The NPA will also have no right to any property, furniture or equipment at the end of the concession period.

5. Renewal and termination options

All subsections of the main Agreement between the NPA and other contracting parties make provision for the renewal of the different agreements. They also contain termination options in the case where one of the parties does not comply with its obligations.

6. Other rights and obligations

The rights of the NPA in terms of maintaining the premises and services used by the National Prosecuting Authority are also entrenched in the different subsections of the main Agreement. These include continuous maintenance of the premises to ensure that the employees of the NPA will be provided with a



National Prosecuting Authority (NPA) - Vote 24

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 MARCH 2004

first class working environment. Furniture and equipment will also be upgraded to ensure their functionality remains at a first class level.

CHANGES IN THE ARRANGEMENT OCCURING DURING THE PERIOD

It is stipulated in the agreement that it is fundamental for the success of the Agreement and the parties' ongoing relationship, that, the Agreement reflects and continues to reflect their prevailing business imperatives and capabilities. Therefore provision is made for an annual review of the arrangement between the parties.

Other PPP's

Cape Town Project

The NPA in Cape Town adopted a Shared Service Model for regional units

(i.e. DSO, NPS, Witness Protection, AFU, SCCU and the Corporate Services), which have been housed under one building. The NPA is in a process of registering a PPP for the soft services in that building.

Kwazulu Natal Project

The NPA have registered a PPP for the building facilities in KZN. Deloitte have been appointed as transactional advisors for this project. The user requirements have been finalised and will be meeting with DPW and the PPP unit to progress further. The duration of the project is estimated over a period of eighteen months after the specifications have been approved by the NPA Executive Committee.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 1

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Stannic	Motor Vehicles	1,848	1,535	0	(268)	0	1,267	0
Standard Bank	Housing	1,317	115	1,266	(61)	0	1,320	0
Nedbank Limited	Housing	592	111	541	(99)	0	553	0
First Rand Bank	Housing	657	60	572	(60)	0	572	0
Absa	Housing	2,151	46	1,954	(146)	0	1,854	(18)
Old Mutual Finance Limited	Housing	48	0	22	(26)	0	(4)	0
Peoples Bank	Housing	41	41	41	(16)	0	66	0
Peoples Bank incorp. NBS	Housing	517	0	477	(77)	0	400	0
First Rand Bank	Housing	382	44	293	(55)	0	282	
Free State Development Corporation	Housing		10	0	0	0	10	0
Old Mutual Bank	Housing	410	5	314	(96)	0	223	0
VBS Mutual Bank	Housing	21	21	21	0	0	42	0
		7,984	1,988	5,501	(904)	0	6,585	(18)

ANNEXURE 2

PHYSICAL ASSET MOVEMENT SCHEDULE

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance	Additions	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000
Machinery and equipment	22,553	22,123	0	44,676
Computer equipment	5,071	4,491	0	9,562
Furniture and office equipment	9,029	7,124	0	16,153
Other machinery and equipment	8,453	10,508	0	18,961
	22,553	22,123	0	44,676

Department of Justice and
Constitutional Development - Vote 24



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 2 (continued)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000
Machinery and equipment	0	22,553	0	22,553
Computer equipment	0	5,071	0	5,071
Furniture and office equipment	0	9,029	0	9,029
Other machinery and equipment	0	8,453	0	8,453
	0	22,553	0	22,553

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04 USING LOCAL AND FOREIGN ASSISTANCE FUNDS	Opening Balance	Additions	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000
Machinery and equipment	0	1,357	0	1,357
Local Assistance				
Vodacom				
Computer equipment	0	51	0	51
Furniture and office equipment	0	81	0	81
SARS				
Computer equipment	0	718	0	718
Foreign				
WK Kellog				
Furniture and office equipment	0	95	0	95
Unicef				
Furniture and office equipment	0	74	0	74
Other machinery and equipment	0	338	0	338
	0	1,357	0	1,357

Department of Justice and Constitutional Development - Vote 24

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT

for the year ended 31 MARCH 2004

ANNEXURE 3

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Free State Provincial Treasury	0	0	12	0
National Intelligence	0	0	22	0
Department of Justice and Constitutional Development	0	128	672	0
Department of Trade and Industry	0	0	13	0
The Independent Complaints Directorate	0	0	14	0
Department of Foreign Affairs	0	0	10	0
Department of Housing	0	3	3	0
Public Protector	0	0	3	0
Department of Transport	0	66	69	0
SAMDI	0	1	1	0
Department of Health	0	82	82	0
Department of Defence	0	1	9	0
Department of Finance: Western Cape	0	1	1	0
Department of Environmental Affairs	0	0	15	0
Department Of Land Affairs	0	0	11	0
Department Of Public Works	0	0	10	0
Department of Correctional Service	0	5	1	0
TOTAL	0	287	948	0

An amount of R523,000 has been transferred to the Department of Justice and Constitutional Development (DOJCD) as per SCOPA investigation. This balance was previously disclosed as unauthorised expenditure due to the expense not being condoned by the State Tender Board. The remainder of the balance of R149,000 is due to personnel movement from NPA to DOJCD.



Part C

Consolidated Financial Statements

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Consolidated Financial Statements for the Department of Justice and Constitutional Development (Incl. NPA) - Vote 24

INCOME STATEMENT

(STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 MARCH 2004

	2003/04 R'000	2002/03 R'000
REVENUE		
Voted funds		
Annual appropriation	4,557,353	4,251,826
Statutory appropriation	166,278	154,318
Appropriation for unauthorised expenditure	0	226,411
Other revenue to be surrendered to the revenue fund	192,865	118,250
Local and foreign aid assistance (incl. RDP funds)	20,986	166,992
TOTAL REVENUE	4,937,482	4,917,797
EXPENDITURE		
Current		
Personnel	2,679,430	2,377,847
Administrative	382,398	324,841
Inventories	121,797	126,881
Machinery and equipment	20,492	14,115
Land and buildings	12,271	7,592
Professional and special services	376,730	325,389
Transfer payments	553,686	815,927
Miscellaneous	97,395	83,850
Special functions: Authorised losses	138,365	4,240
Special functions: Unauthorised expenditure approved	0	11,256
Local and foreign aid assistance (incl. RDP funds)	61,947	58,314
Previous unauthorised expenditure approved	0	226,411
TOTAL CURRENT EXPENDITURE	4,444,511	4,376,663
Capital		
Machinery and equipment	121,512	133,637
Land and buildings	243,805	271,145
Local and foreign aid assistance (incl. RDP funds)	17,157	48,305
TOTAL CAPITAL EXPENDITURE	382,474	453,087
TOTAL EXPENDITURE	4,826,98	4,829,750

Consolidated Financial Statements for the Department of
Justice and Constitutional Development (Incl. NPA) - Vote 24

INCOME STATEMENT
(STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 MARCH 2004

(continued)

	2003/04 R'000	2003/04 R'000
NET SURPLUS	110,497	88,047
Add back unauthorised, fruitless and wasteful expenditure disallowed	1,596	110,576
NET SURPLUS FOR THE YEAR	112,093	198,623
Reconciliation of Net Surplus for the Year		
Voted funds to be surrendered to the Revenue Fund	(22,654)	20,000
Other revenue to be surrendered to the Revenue Fund	192,865	118,250
Local and foreign aid assistance (incl. RDP Funds)	(58,118)	60,373
NET SURPLUS FOR THE YEAR	112,093	198,623

Consolidated Financial Statements for the Department of Justice and Constitutional Development (Incl. NPA) - Vote 24



BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

for the year ended 31 MARCH 2004

ASSETS	2003/04 R'000	2002/03 R'000
Current assets	626,737	717,789
Unauthorised, fruitless and wasteful expenditure	187,701	186,317
Cash and cash equivalents	10,100	23,802
Receivables	427,149	504,190
Prepayments and Advances	1,713	1,142
Local and foreign aid assistance (incl. RDP funds) receivable from the RDP fund / donors	74	2,338
TOTAL ASSETS	626,737	717,789
LIABILITIES		
Current liabilities	581,679	609,472
Voted funds to be surrendered to the Revenue Fund	(22,654)	20,668
Other funds to be surrendered to the Revenue Fund	9,802	8,789
Paymaster General (PMG) overdraft	578,099	559,052
Payables	16,432	19,631
Local and foreign aid assistance (incl. RDP funds) repayable to the RDP fund / donors	0	1,332
TOTAL LIABILITIES	581,679	609,472
NET ASSETS	45,058	108,317
Represented by:		
Recoverable revenue	9,930	12,807
Local and foreign aid assistance (incl. RDP funds)	35,128	95,510
TOTAL	45,058	108,317

Consolidated Financial Statements for the Department of
Justice and Constitutional Development (Incl. NPA) - Vote 24

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 MARCH 2004

	2003/04 R'000	2002/03 R'000
Recoverable revenue		
Opening balance	12,807	9,201
Debts raised	2,366	3,606
Debts written-off	(5,243)	0
Closing balance	9,930	12,807
Local and foreign aid assistance (including RDP funds) remaining		
Opening balance	95,510	358,65
Transfers	18,132	163,353
Transfers to / from other reserves	(78,514)	(103,708)
Closing balance	35,128	95,510
TOTAL	45,058	108,317



Department of Justice and Constitutional Development - Vote 24

CASH FLOW STATEMENT

for the year ended 31 MARCH 2004

	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flow generated by operating activities	494,264	651,611
Increase in working capital	69,062	(47,666)
Voted and Revenue funds surrendered	(212,520)	(339,961)
Unauthorised expenditure movement	(1,384)	127,699
Net cash flow available from operating activities	349,422	391,683
CASH FLOWS FROM INVESTING ACTIVITIES	(382,171)	(452,988)
Capital expenditure	(382,474)	(453,087)
Proceeds from sale of equipment	303	99
Net cash flows from operating and investing activities	(32,749)	(61,305)
Net (decrease) / increase in cash and cash equivalents	(32,749)	(61,305)
Cash and cash equivalents overdrawn at beginning of period	(535,250)	(559,976)
Cash and cash equivalents overdrawn at end of period	(567,999)	(535,250)