



President's Fund Annual Report 2006/07

DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT



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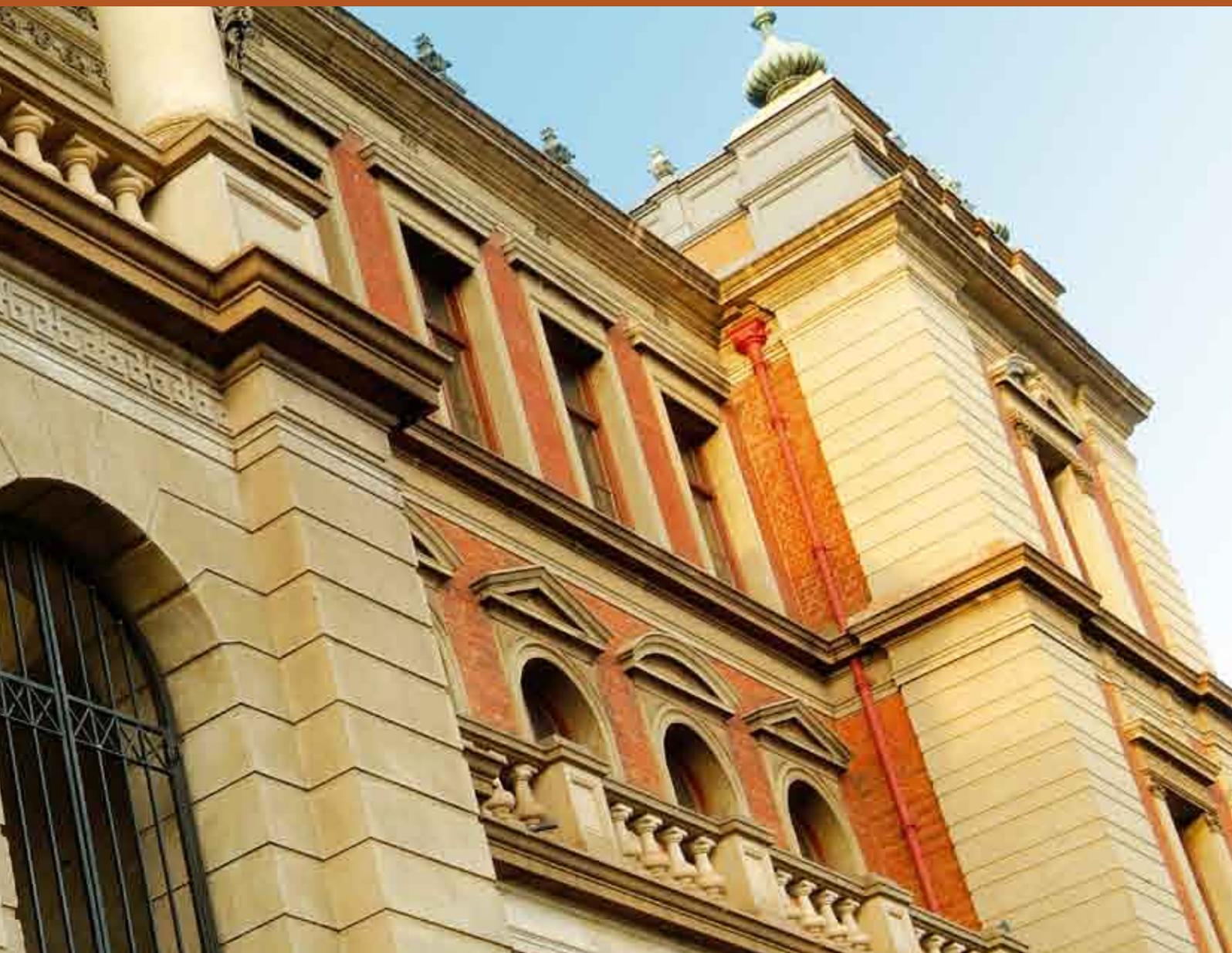
Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

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Part I

Report of the Auditor-General



Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ANNUAL FINANCIAL STATEMENTS OF PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2007

Introduction

1. I have audited the accompanying financial statements of the President's Fund which comprise the balance sheet as at 31 March 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 16.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP), and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999), the Treasury Regulations for Public entities issued in terms of the Act. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing, read with General Notice 646 and 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Basis of accounting

8. The President's Fund policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in Accounting Policy 2 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the President's Fund as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by National Treasury as described in note 1 to the financial statements and in a manner required by the Public Finance Management Act, 1999 (Act 1 of 1999).

Appreciation

10. The assistance rendered by the staff of the President's Fund during the audit is sincerely appreciated.



S Cele for Auditor-General

Pretoria

31 July 2007



AUDITOR-GENERAL

Part 2

Report of the Accounting Officer



Report of the Accounting Officer

General Review

The President's Fund was established in terms of Section 42 of the Promotion of National Unity and Reconciliation Act (Act No 34 of 1995). Parliament approved the following measures to victims on the recommendation of the State President and subsequent recommendations of the Ad Hoc Joint Committee of both houses of Parliament on the tabling of the final two volumes of the Truth and Reconciliation Commission (TRC) report:

- a) A once-off individual grant of R30 000 to those individuals or survivors designated by the TRC
- b) Systematic programmes to project the symbolism of the struggle and the ideal of freedom through records of history, erecting symbols and monuments that exalt the freedom struggle, including new geographic and place names
- c) Programmes to provide for medical benefits, education assistance and the provision of housing, as well as other social benefits to address the needs of individual identified victims
- d) The rehabilitation of communities (whole communities other than individuals linked to the TRC process) who suffered and are still in distress. Therefore there is a need for such communities to be rehabilitated through various programmes initiated and supported by Government

Subsection 42(2) of the above-mentioned act states that "there shall be paid from the fund all amounts payable to victims by way of reparation in terms of regulations made by the President". Regulations were gazetted on 12 November 2003 to give effect to the payment of the once-off individual grant of R30 000.

As at the end of the financial year under review, 15 610 (93%) of the 16 837 applicants for reparation approved by the TRC had been paid the once-off individual grant. There are 1 227 beneficiaries still to be paid, of which 610 are still being traced by the regional structures of the Government Communication and Information System (GCIS). Some 260 have been traced but have not yet been paid, due to them not having supplied the necessary regulatory requirements, while 357 applicants who had received interim reparations died before the payment of final reparation could be made. The President's Fund is consulting with the families of the deceased to establish the next of kin in terms of the regulations directing the disbursement of individual grants.

The symbols and monuments aspect of the reparation measure is being undertaken by the Freedom Park Trust, as well as the Department of Arts and Culture and the South African Heritage Resources Agency (SAHRA). This is work in progress and voted funds are being utilised. No request has so far been made by the above-mentioned agencies for funding from the President's Fund.

In respect of medical and other forms of social assistance, as well as the rehabilitation of communities, the exhumation of the remains of missing persons reported to the TRC during amnesty hearings are being conducted by the Priority Crimes Litigation Unit (PCLU), established at the National Prosecuting Authority (NPA). The mortal remains of the victims are handed to the families for reburial after the necessary DNA testing has been carried out. Regulations have been drafted and submitted to the executive authority for approval for the payment of travel and subsistence allowances to a limited number of persons appointed by the family of the victim to be present at the exhumation, and a once-off grant as a contribution towards reburial or symbolic burial.

In order to draft regulations for the aforementioned two categories (health and other social benefits and community rehabilitation), the government departments concerned have been approached to develop policies to give effect to reparation programmes or to furnish their existing policies and programmes regarding TRC-related victims, as well as affected communities. These policies will assist the Department of Justice and Constitutional Development to draft the necessary regulations, as well as to perform its monitoring and reporting mandate.

Donor Funds

All donor funds received have been utilised. However, no donations were received for the financial year under review.

Corporate Governance Arrangements

The President's Fund utilises the services of the Department of Justice and Constitutional Development, for its risk management approach, fraud prevention policies, effectiveness of internal audit and audit committee. It also utilises governance structures, including management processes of the said Department.



Other

The Department of Justice and Constitutional Development will continue to utilise the unexpended balance of the money in the fund for the purposes for which the fund was established and by direction of the regulations so approved.

My appreciation and thanks are accorded to the related departments, agencies and stakeholders who have contributed towards the administration of the President's Fund.

A handwritten signature in black ink, appearing to read 'Adv. Menzi Simelane'.

ADV. MENZI SIMELANE
ACCOUNTING OFFICER

Part 3

Report of the Audit Committee



president's fund

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2007.

Introduction

The administration and accountability for the Presidents Fund falls within the responsibilities of the Department of Justice and Constitutional Development. Accordingly as the duly constituted Audit Committee of the Department of Justice and Constitutional Development we have reviewed to the extent considered necessary the financial statements of the Presidents Fund.

The effectiveness of internal controls

We are unable to comment on this as no internal audit report was issued in respect of work done.

Evaluation of Financial statements

The Audit Committee has

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial.



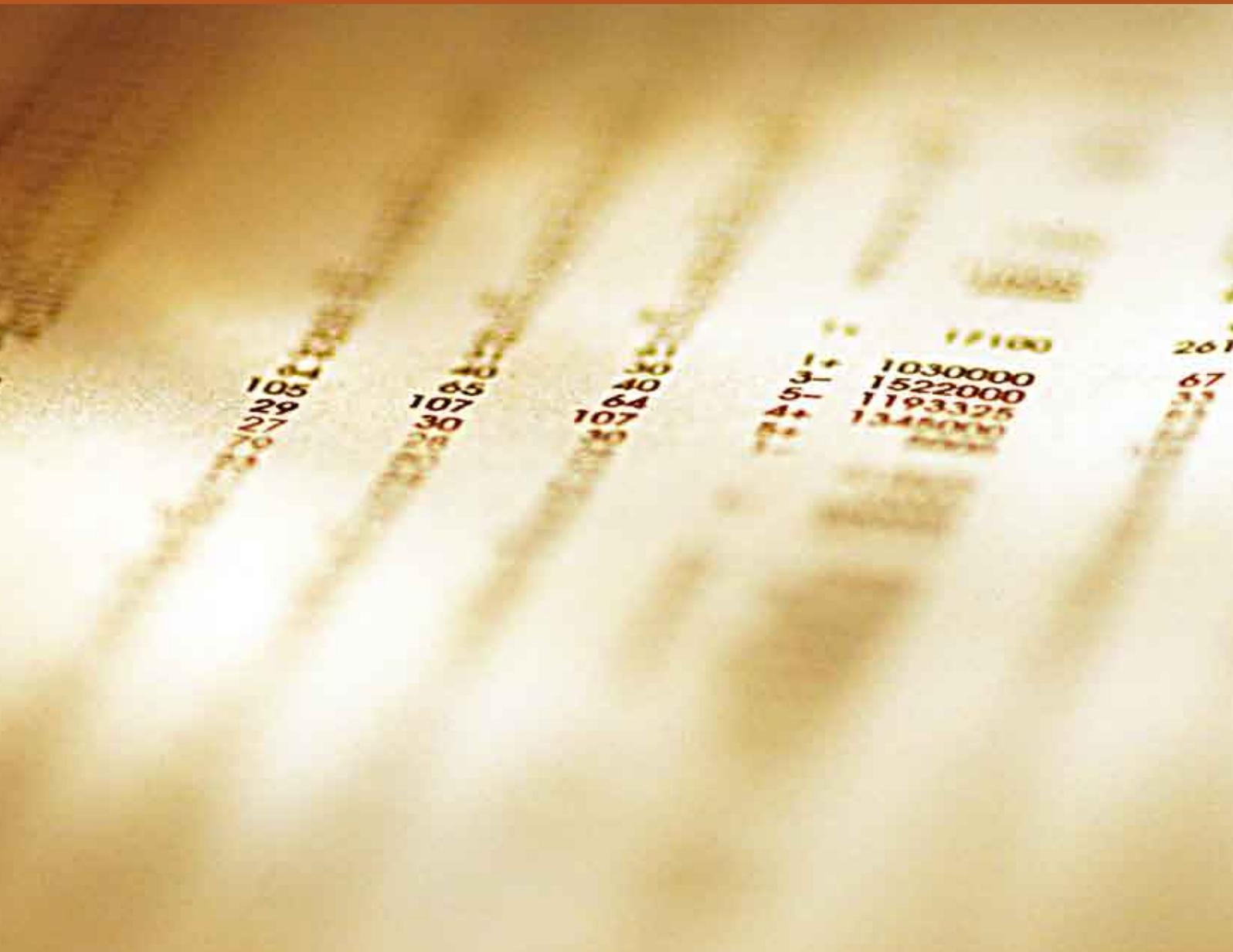
SA Patterson

CHAIRPERSON OF THE AUDIT COMMITTEE

16 August 2007

Part 4

Financial Statements



president's fund

Balance Sheet

as at 31 March 2007

	Notes	2007	2006
		R	R
ASSETS			
Non-current assets			
Investments	4	723,589,927	689,932,351
Current assets			
Cash and cash equivalents	7	14,548,056	4,171,583
Trade and other receivables	5	6,361,380	3,750,673
Total Assets		744,499,363	697,854,607
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		706,206,743	651,052,753
Current liabilities			
Trade and Other payables	6	38,292,620	46,801,854
Total equity and liabilities		744,499,363	697,854,607

president's fund

Income Statement

for the year ended 31 March 2007

	Notes	2007	2006
		R	R
REVENUE		56,301,935	45,706,542
Royalties		6,905	3,251
Interest		56,295,030	45,703,291
Less: Expenses		1,147,945	2,621,537
Interim reparations		97,080	259,610
Final reparations		1,041,650	2,347,650
Service provider-BDB		6,222	10,616
Bank charges		2,993	3,661
Operating profit for the period	3	55,153,990	43,085,005

president's fund

Statement of Changes in Equity

for the year ended 31 March 2007

RETAINED EARNINGS

	2007
	R
Balance as at 31 March 2005	607,967,748
Profit for the period	43,085,005
Balance as at 31 March 2006	651,052,753
Profit for the period	55,153,990
Balance as at 31 March 2007	706,206,743

president's fund

Cash Flow Statement

for the year ended 31 March 2007

	2007	2006
	R	R
Cash flows from operating activities	44,034,049	13,708,595
Profit for the period	55,153,990	43,085,005
Adjustments for:		
Interest received	(56,295,030)	(45,703,291)
	(1,141,040)	(2,618,286)
(Increase) in accounts receivable	(2,610,707)	(212,128)
(Decrease) in accounts payable	(8,509,234)	(29,164,282)
Cash generated from operations	(12,260,981)	(31,994,696)
Interest received	56,295,030	45,703,291
Cash flows from investing activities	(33,657,576)	(45,585,229)
(Increase) in investments	(33,657,576)	(45,585,229)
Net increase/(decrease) in cash and cash equivalents	10,376,473	(31,876,634)
Cash and cash equivalent at beginning of period	4,171,583	36,048,217
Cash and cash equivalent at end of the period	14,548,056	4,171,583



president's fund

Accounting Policies

for the year ended 31 March 2007

1. CORPORATE INFORMATION

The President's Fund was established in terms of Section 42 of the Promotion of National Unity and Reconciliation Act, No 34 of 1995 and domiciled in the Republic of South Africa.

2. BASIS OF PRESENTATION

The financial statements are compiled on the historical cost basis in accordance with the undermentioned policies which are in conformity with the Statements of Generally Accepted Accounting Practice and were applied consistently in every material respect, except where stated otherwise.

The financial statements are presented in South African Rand

2.1 Revenue

Grants from the Department of Justice are accounted for in the period to which the allocations relate. Donations are accounted for on receipt. Interest received on investments is capitalised.

2.2 Expenditure

Reparation as approved by the Committee on Reparation and Rehabilitation within the TRC is accrued on approval. Disbursements in respect of administrative expenses are borne by the Department of Justice and do not form part of grants as stated in subparagraph 2.1, except bank charges and service provider fees for electronic payments to beneficiaries.

2.3 Investments - held to maturity

Investments are accounted for on a cost basis. Interest earned daily is capitalised monthly at a negotiated rate taking into account fluctuation of the market rate.

2.4 Financial instruments

2.4.1 Trade and other receivables

Trade and other receivables originated by the Fund are stated at fair value less provision for doubtful debts.

2.4.2 Trade and other payables

Trade and other payables incurred by the Fund are stated at present liability.

2.4.3 Cash and cash equivalents

Cash and cash equivalents are measured at fair value and are defined as cash on hand and bank balance.

2.5 Contingent liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the President's Fund. The President's Fund classifies its contingent liability as people who were declared victims by the TRC and have not applied for reparation. It is uncertain whether these people will apply for reparation. Contingent liabilities are included in the disclosure notes.

2.6 Cash Flow Statement

The Cash Flow Statement is prepared according to the indirect method.

president's fund

Notes to the Financial Statements

for the year ended 31 March 2007

3. OPERATING PROFIT

Operating profit has been determined after taking into account the following income and expenses:

	2007	2006
	R	R
Income	56,301,935	45,706,542
Royalties	6,905	3,251
Interest received	56,295,030	45,703,291
Less: Expenses	1,147,945	2,621,537
Interim reparation	97,080	259,610
Final reparation	1,041,650	2,347,650
Service provider-BDB	6,222	10,616
Bank charges	2,993	3,661
Operating profit	55,153,990	43,085,005

president's fund

Notes to the Financial Statements

for the year ended 31 March 2007

	2007	2006
	R	R
4. INVESTMENTS - HELD TO MATURITY		
Call account	723,589,927	689,932,351
Fixed deposit	101,926,219	113,965,654
	621,663,708	575,966,697
5. TRADE AND OTHER RECEIVABLES	6,361,380	3,750,673
Accrued interest	6,087,086	3,449,755
Reparation payments recoverable	274,294	299,699
Unauthorised expenditure	-	1,219
6. TRADE AND OTHER PAYABLES	38,292,620	46,801,854
Reparation payments approved	38,292,379	46,801,650
Accruals	241	204
7. CASH AND CASH EQUIVALENTS		
Cash at bank (current account)	14,548,056	4,171,583
8. CONTINGENT LIABILITIES		

Victims identified by the TRC need to apply for reparation to be made to them, before they are recognised as creditors.

An uncertainty exists as to how many victims may apply in the future.

At 31 March 2007 the estimate amounted to **R73,170,000**



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