

PART 4:
Annual Financial
Statements
for Western Cape:

PART 4: ANNUAL FINANCIAL STATEMENTS

Western Cape: Department of Cultural Affairs and Sport for the year ended 31 March 2010

4.1 REPORT OF THE ACCOUNTING OFFICER

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

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 POLICY DECISIONS AND STRATEGIC ISSUES

Important policy decisions and strategic issues facing the department.

The vision of the Department: A creative, active, empowered Western Cape. The particular focus within this vision is on rural development, excellence in sport and the promotion of language.

Important spending decisions affecting the Department for the period under review were as follows:

The Department received an allocation from National totalling R79, 213 million for conditional grants, made up of R 38, 237 million for the Mass sport and recreation participation and R 40, 976 million for library services.

1.2 SIGNIFICANT EVENTS

The majority of the Department's mandate is executed by way of projects and events. The list below represents a portion of the events of the Department and are regarded as significant in terms of the delivery of services:

- Hosting of a Language colloquium
- Discovery Big Walk
- Argus Cycle Tour
- International coaching clinics (Stars in their eyes)
- 2010 Fanjols
- Street football programme
- 2009 Arts, Culture, Heritage, Museum, Library and Archives awards
- Western Cape Sport Awards

1.3 MAJOR PROJECTS

The Department has also made a major contribution towards cultural tourism and arts and culture festivals by contributing towards events such as:

- Klein Karoo Nasionale Kunstefees
- Kaapse Karnaval
- the Suidoosterfees,

In addition the Department engaged in the following major projects:

- Supported 102 sport organisations in Western Province, Boland, South Western Districts and West Coast
- Supported 61 cultural organisations with 68 projects in the genres of dance, music, fine arts, drama and literature
- Continued support to the successful Western Cape Sport School which has 242 learners and produced many medal winners.
- Supported 330 library centres to promote a culture of reading and learning
- Our 2010 World Cup programme hosted 5 FANJOLS (one in each district in the province) in preparation for the world cup – countdown clocks were distributed and displayed, street football campaigns were held, 2010 schools world cup, foreign language database, Buyela Ebaleni and a wide range of media and promotional interventions etc. have all ensured that our people have indeed "touched the world cup"
- In the area of school sport we have structured our regions in alignment with the WCED EMDC's and launched structures at regional, district and circuit levels
- Assistance and support to 28 different categories of museums

1.4 SPENDING TRENDS

The Department's original budget of R 296,445 million was increased by R5,651 million during the adjustments estimates process. The budget was augmented by R 1,726 million for rollover funds of which R97 000 was for the Community Library Services Grant to transform urban and rural community library infrastructure, facilities and services through a recapitalised programme and R1,629 million was for Retention Fees for the 1st Phase of the Upgrading of Philippi Stadium, 2009. R1,398 million became available from National for the higher than expected salary and related increases which was effective from 1 July 2009, and R2 million was provided towards the Kaapse Karnaval (Klopse), competitions and events. R80 000 was shifted to Vote 10: Transport and Public Works for payment of costs towards the 2nd accommodation of the MEC. The department re-prioritised R 10,377 million from personnel savings to programmes and projects. R907 000 of the personnel savings was re-prioritised during the adjustments estimates process. The savings materialized as a result of the huge staff turnover that the Department experienced during the year in addition to the delayed filling of the vacant posts due to staff shortages. Virements from personnel savings was approved by the HOD in consultation with the MEC. The Department received revenue mainly from the following sources:

- Lost Library books
- Rent received for the restaurant at the Worcester Museum since it became a provincial Museum in 2003
- Sale of publications
- Sale of scrap material such as paper

2. SERVICE RENDERED BY THE DEPARTMENT

A list of services rendered is discussed in Part 2 of the annual report.

2.1 TARIFF POLICY

All tariffs are reflected in a tariff register which are revised annually.

2.2 FREE SERVICES

All services of the Department are free to the public.

2.3 INVENTORIES

The inventories are reflected as a note in the annual financial statements.

3. CAPACITY CONSTRAINTS

UNFUNDED MANDATES

The Constitution with respect to libraries of the Republic of South Africa, 1996 (Act 108 of 1996), in Schedules 4 and 5, designates specific powers and functions to each sphere of government, which are enjoined to work together "to secure the well-being of the people of the Republic".

In practice, there is great complexity with respect to these powers and functions, and significant confusion has arisen with respect to who should do what. The confusion arises from functions assigned in the Constitution but be historically unfunded by national and provincial government as with library services, but not through the Constitution, resulting in claims of "underfunded mandates" when municipalities have to subsidise such a function.

HUMAN CAPITAL

Disparity in the employment conditions of the three spheres of government has led to an increase in staff turnover in government departments at provincial level specifically. The investment in training and development are very rarely compensated with an increase in service delivery, but rather a costly and time bound process in filling of vacancies created by differences in employment conditions in the various spheres of government

In a country with a scarcity of scarce and critical skills, staff turnover as a result of the above are regarded as a major barrier in ensuring an effective public service. The expectation of the Western Cape Sport and Recreation sector and the public still exceeds the budgetary capacity of the Department. Due to the reduced focus on sport and recreation by local authorities, financial resources at provincial level are still stretched beyond its limits therefore reducing our ability to deliver on effective service to all communities within the boundaries of the Western Cape.

4. UTILISATION OF DONOR FUNDS

No donor funds were received for the 2009/10 financial year.

5. PUBLIC ENTITIES

5.1 WESTERN CAPE CULTURAL COMMISSION (WCCC)

The WCCC was established in terms of the WCCC and Councils Act, 1998 (Act no 4 of 1998). In terms of section 47(1) of the 86 Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA), the Minister of Finance listed WCCC as a schedule 3C provincial public entity with effect from 1 June 2001. Transfer payments to the amount of R 595 000 was made to the WCCC in terms of the MTEF allocation and it had to comply with section 38(1)(j) of the PFMA.

5.2 WESTERN CAPE LANGUAGE COMMITTEE (WCLC)

The WCLC was established in terms of the Western Cape Language Act, 1998(Act 13 of 1998). In terms of section 47(1) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA), the Minister of Finance listed WCLC as a schedule 3C provincial public entity with effect from 1 June 2001. The aim of the Language Committee is to ensure that the three official languages of the Western Cape enjoy equal status and that the previously marginalized indigenous languages of the Western Cape are actively promoted. Transfer payments to the amount of R263 000 was made to the WCLC in terms of the MTEF allocation and it had to comply with section 38(1)(j) of the PFMA. Various language related projects and programmes were carried out during the year.

5.3 HERITAGE WESTERN CAPE (HWC)

Heritage Western Cape was established in 2002 in terms of the regulations promulgated by the Minister in January 2003 with the appointment of its Council. The organization derives its life and mandate from the National Heritage Resources Act (Act 25 of 1999) and regulations of the same legislation. Its key mandate is to identify, protect and conserve cultural heritage resources of the Western Cape as required by the above said legislation. In doing its business it will link up with the national and local government. Transfer payments to the amount of R900 000 was made to HWC and it had to comply with section 38(1) (j) of the PFMA.

6. ORGANISATIONS TO WHO TRANSFER PAYMENTS HAVE BEEN MADE

List of entities to which transfer payments have been made, including the purpose for transfer payments are reported in PART 2 of the Annual Report.

7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

No PPP agreements were entered into for the 2009/10 financial year.

8. CORPORATE GOVERNANCE ARRANGEMENTS

The Department has an active Fraud and Risk Management Committee that is representative of all the senior managers. In addition a fraud Prevention Plan is in place as well as the Fraud Prevention Policy and a Code of Conduct of the Department is enforced. The Department belongs to the shared audit committee of the Province. The committee approved the internal audit plan for the current financial year. The Annual Financial Statements were prepared on the modified cash basis of accounting determined by National Treasury. The Department has implemented policy and procedures to assist the Accounting Officer to comply with sections 38, 39 and 40 of the PFMA.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

No activities were discontinued during the current financial year.

10. NEW/PROPOSED ACTIVITIES

10.1 The continued implications of the constitutional mandates in respect of libraries other than national libraries, provincial cultural matters, archives other than national archives and museums other than national museums received continued attention during the year under review. Compliance with the related constitutional obligations will in future in all likelihood impact extensively on the available resources of the Department and may well impact on that of the province.

11. ASSET MANAGEMENT

All the assets in the Department have been bar-coded and loaded on LOGIS. The Department embarked on an "asset register clean up" project to ensure the completeness of the asset register. An asset management strategy was developed and implemented and asset controllers were appointed to ensure the proper management of assets. An Asset stock take was conducted during the period under review. The SupplyChain delegations have been reviewed and approved by the Accounting Officer to ensure proper procurement and provisioning of assets. Chain delegations have been reviewed and approved by the Accounting Officer to ensure proper procurement and provisioning of assets.

Chain delegations have been reviewed and approved by the Accounting Officer to ensure proper procurement and provisioning of assets.

12. EVENTS AFTER THE REPORTING DATE

As a result of the corporatisation of the support functions as part of the modernisation of the Western Cape Provincial Government as approved by Cabinet, both the Human Resources Management and Enterprise Risk Management components will from 1 April 2010 reside at the Department of the Premier. The estimated budgets to be transferred to the Department of the Premier are reflected in note 26 of the Annual Financial Statements and are subject to change due to the following reasons.

- Vacant posts not funded due to budget cuts for matching and placing of HR officials not taken up in modernisation.
- Enterprise Risk Management function was financed through re-prioritisation within the department's financial resources while other Departments were funded separately for the establishment of an Enterprise Risk Management Component.

13. PERFORMANCE INFORMATION

Performance information is reported in PART 2 of the Annual Report.

14. SCOPA resolutions

Background and SCOPA concern	SCOPA recommendation	Progress on implementation of SCOPA resolution
The total accruals include an amount of R1 146 000, which had been outstanding for periods in excess of 30 days. This exceeded the payment terms of 30 days. Interest and penalties may be raised on late payments, resulting in possible fruitless and wasteful expenditure.	The department should review and monitor the internal control over the receipt, distribution, processing and payment of invoices and introduce corrective measures to ensure compliance with the PFMA.	Although the Department is faced with a number of challenges related to the SCM organizational structure, dedicated SCM officials were deployed during January 2010 to follow up on outstanding orders on a weekly basis. This will ensure the timeous receipt of invoices from the service providers, prompt sign off by delegated officials and essentially ensure payments within 30 days.

<p>Difficulties were experienced during the audit concerning delays or the unavailability of requested information. This is indicative of a situation where there is inadequate ongoing monitoring and supervision, as well as a lack of effective control activities surrounding the availability of expected information. If supporting documentations are not readily available this could lead to a limitation of scope which could result in a negative audit outcome.</p>	<p>The Department should enforce stricter controls over the supporting documents of the Department.</p>	<p>To ensure that information is handed to the AG within the 48hr turn around time, the Department dedicated specific officials to attend to the request for information from the AG for the 2009/10 audit. This should eradicate the delays experienced in the past financial year.</p>
<p>The prior year's external audit findings have not been substantially addressed. Timeous follow up on outstanding audit findings has not been done. If corrective actions is not taken in respect of prior year audit findings a reoccurrence of past errors and practices is more likely</p>	<p>Management should develop and implement practices which ensure timeous follow-up and implementation of prior years audit findings and correct the current situation as a matter of urgency to a similar finding in the future</p>	<p>This is an error. The external audit findings of the prior year were substantially implemented. The AG reported as such in their audit report.</p>
<p>The information systems were not appropriate to facilitate the preparation of a performance report that is accurate and complete. The actual output is sent to the official compiling the performance report without supporting documentation. A clear trail of supporting documentation that is easily available and provided timely is also not in place. This could result in the disclosure of incorrect performance not be verified. information which could</p>	<ol style="list-style-type: none"> 1. The Department should ensure that adequate controls are in place to safeguard performance information and to ensure that all supporting documentation is readily available for audit purposes. 2. A proper system of supervision, monitoring and control must also be implemented and enforced to ensure the accuracy and completeness of performance submitted. 	<p>The Accounting Officer implemented a system where evidence files were evaluated on a quarterly basis at random to ensure that files are complete and that the evidence/supporting documentation will satisfy the AG.</p>

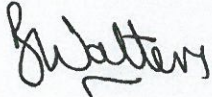
<p>Adequate control processes and procedures are not designed and implemented to ensure the accuracy and completeness of reported performance information as there is no procedure manual in place which is institutionalized.</p>	<p>The process could be improved through utilizing an in-year monitoring reporting structure. The reporting structure would improve the controls around the identification of missing information.</p>	<p>A framework for the management of non-financial information was developed by the Department. This document will form the basis of the 2009/10 audit.</p>
<p>The Accounting Officer did not ensure that the department has and maintained an effective, efficient and transparent system and internal control regarding performance management which and represent how the institution's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organized and managed, as required in terms of section 38(1)(a)(i) and (b) of the PFMA. Inadequate monitoring and control to ensure that performance information reported in the annual report is reliable. If the performance is not monitored the improving of the service delivery will be negatively affected.</p>	<p>The department should develop systems, procedures and processes to ensure that it has and maintain an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the Department's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organized and managed.</p>	<p>A framework for the management of non-financial information was developed by the Department. This document will form the basis of the 2009/10 audit.</p>

15. OTHER

The Department of Cultural Affairs and Sport devised a turnaround strategy that would address the following issues raised by the Auditor General for the 2008/09 financial year.

- Non-compliance with applicable legislation – Payment of accruals within the prescribed 30 days of receipt of invoice.
- Management of non-financial information
The Department of Cultural Affairs and Sport spent no funds on World Cup tickets or T-shirts

The Annual Financial Statements set out on pages 126 to 170 have been approved by the Accounting Officer.



Mr. BC Walters,
Accounting Officer,
30 July 2010

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE NO. 13: DEPARTMENT OF CULTURAL AFFAIRS AND SPORT FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Western Cape Department of Cultural Affairs and Sport, which comprise the appropriation statement, the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 126 to 170.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, Act 12 of 2009 (DORA). 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; and making accounting estimates that are reasonable in the circumstances.

AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act of South Africa and section 40(2) of the PFMA, 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 and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Cultural Affairs and Sport as at 31 March 2010, and its financial performance and its cash flows for the year then ended are prepared, in accordance with the modified cash basis of accounting as determined by National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA and DoRA.

EMPHASIS OF MATTER

I draw attention to the matters below. My opinion is not modified in respect of these matters:

BASIS OF ACCOUNTING

8. The Department's policy is to prepare financial statements on the modified cash basis of accounting, described by National Treasury as set out in accounting policy note 1.1 to the financial statements.

ACCRUALS

9. Accruals which exceed the payment terms of 30 days as detailed in Treasury Regulation 8.2.3 amount to R793 000. This amount in turn exceeds the voted funds to be surrendered of R366 000 as per the statement of financial performance by R427 000. The amount of R427 000 would therefore have constituted unauthorised expenditure should the amounts due have been paid in time.

ADDITIONAL MATTERS

I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

10. The supplementary information set out on pages 112 to 119 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009. I include below my findings on the report on predetermined objectives, compliance with PFMA and financial management (internal control).

FINDINGS

PREDETERMINED OBJECTIVES

12. No matters to report.

COMPLIANCE WITH LAWS AND REGULATIONS

13. No matters to report.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with PFMA, but not for the purpose of expressing an opinion on the effectiveness of internal control.

14. No matters to report.

OTHER REPORTS

INVESTIGATIONS

15. An investigation was conducted by an independent consulting firm on request of the entity. The investigation was initiated based on the allegation of possible irregularities with regards to the procuring goods services procured by the department involving three suppliers, and is in the process of being finalised.

Auditor-General

Cape Town
31 July 2010



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

APPROPRIATION STATEMENT
for the year ended 31 March 2010

APPROPRIATION STATEMENT	Appropriation per programme									
	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1. Administration										
Current payment	35,474	1,167	1,020	37,661	37,594	67	99.8%	32,702	32,696	
Transfers and subsidies	2,811	452	230	3,493	3,487	6	99.8%	112	112	
Payment for capital assets	43	582	-	625	611	14	97.8%	609	576	
2. Cultural Affairs										
Current payment	46,899	65	(1,170)	45,794	45,731	63	99.9%	41,825	41,809	
Transfers and subsidies	13,988	(908)	(240)	12,840	12,834	6	100.0%	13,680	13,615	
Payment for capital assets	117	(4)	-	113	107	6	94.7%	854	841	
3. Library & archives services										
Current payment	81,432	450	890	82,772	82,755	17	100.0%	76,416	76,413	
Transfers and subsidies	31,929	(40)	-	31,889	31,888	1	100.0%	27,202	27,056	
Payments for capital assets	2,650	(1,495)	-	1,155	1,152	3	99.7%	1,581	1,579	
4. Sport & Recreation										
Current payment	67,954	(5,536)	1,476	63,894	63,720	174	99.7%	77,875	76,130	
Transfers and subsidies	18,031	(2)	10	18,039	18,038	1	100.0%	228,046	227,847	
Payments for capital assets	768	5,269	(2,216)	3,821	3,813	8	99.8%	1,301	1,294	
Subtotal	302,096	-	-	302,096	301,730	366	99.9%	502,203	499,970	
Statutory Appropriation										
Current payment										
Transfers and subsidies										
Payment for capital assets										
TOTAL	302,096	-	-	302,096	301,730	366	99.9%	502,203	499,970	

Reconciliation with statement of financial performance			
ADD			
Departmental receipts	482		1,213
Direct Exchequer receipts	-		
Aid assistance	-		
Actual amounts per statement of financial performance (total revenue)	302,578		503,416
ADD			
Aid assistance			
Direct Exchequer payments			
Prior year unauthorised expenditure approved without funding			
Actual amounts per statement of financial performance (total expenditure)		301,730	499,970

	Appropriation per economic classification									
	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	120,948	(7,712)	(1,758)	111,478	111,298	180	99.8%	100,117	100,106	
Goods and services	110,811	3,719	3,925	118,455	118,316	139	99.9%	128,634	126,888	
Financial transactions in assets and liabilities	-	139	49	188	186	2	98.9%	57	55	
Transfers and subsidies										
Provinces and municipalities	35,452	-	-	35,452	35,452	-	100.0%	242,999	242,853	
Departmental agencies and accounts	1,993	40	230	2,263	2,263	-	100.0%	2,100	2,100	
Non-profit institutions	28,165	(907)	(230)	27,028	27,021	7	100.0%	23,686	23,423	
Households	1,149	369	-	1,518	1,511	7	99.5%	255	254	
Payments for capital assets										
Machinery and equipment	3,578	4,332	(2,216)	5,694	5,663	31	99.5%	4,354	4,291	
Software and other intangible assets	-	20	-	20	20	-	100.0%	1	-	
Total	302,096	-	-	302,096	301,730	366	99.9%	502,203	499,970	

Detail per sub-programme : Programme 1 Administration	2009/10				2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the Provincial Minister of Cultural Affairs, Sport & Recreation									
Current payment	4,108	1,184	600	5,892	5,846	46	99.2%	5,095	5,095
Transfers and subsidies	401	388	-	789	788	1	99.9%	-	-
Payment for capital assets	-	62	-	62	62	-	100.0%	103	87
1.2 Corporate Services									
Current payment	23,982	(577)	320	23,725	23,719	6	100.0%	19,610	19,606
Transfers and subsidies	110	50	230	390	389	1	99.7%	112	112
Payment for capital assets	36	527	-	563	549	14	97.5%	487	477
1.3 Management Services									
Current payment	7,364	560	100	8,044	8,029	15	99.8%	7,997	7,997
Transfers and subsidies	2,300	14	-	2,314	2,310	4	99.8%	-	-
Payment for capital assets	7	(7)	-	-	-	-	-	19	12
Total	38,328	2,201	1,250	41,779	41,692	87	99.8%	33,423	33,386

Program 1 Per Economic classification : Administration	2009/10				2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	25,653	702	300	26,655	26,655	-	100.0%	22,751	22,750
Goods and services	9,821	364	720	10,905	10,839	66	99.4%	9,928	9,925
Financial transactions in assets and liabilities	-	101	-	101	100	1	99.0%	23	23
Transfers and subsidies									
Departmental agencies and accounts	110	40	230	380	380	-	100.0%	100	100
Non-profit institutions	2,300	(50)	-	2,250	2,246	4	99.8%	-	-
Households	401	462	-	863	861	2	99.8%	12	12
Payments for capital assets									
Machinery and equipment	43	575	-	618	604	14	97.7%	609	576
Software and other intangible assets	-	7	-	7	7	-	100.0%	-	-
Total	38,328	2,201	1,250	41,779	41,692	87	99.8%	33,423	33,386

Detail per sub-programme : Programme 2 Cultural Affairs	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
2.1 Management										
Current payment	1,441	(102)	(75)	1,264	1,255	9	99.3%	1,114	1,114	
Payment for capital assets	-	-	-	-	-	-	-	16	16	
2.2 Arts & Culture										
Current payment	10,656	217	(125)	10,748	10,748	-	100.0%	11,116	11,114	
Transfers and subsidies	10,818	(995)	(240)	9,583	9,578	5	99.9%	10,250	10,185	
Payment for capital assets	-	-	-	-	-	-	-	728	715	
2.3 Museum & Heritage Resource Services										
Current payment	31,352	123	(750)	30,725	30,671	54	99.8%	26,876	26,871	
Transfers and subsidies	2,907	87	-	2,994	2,993	1	100.0%	3,053	3,053	
Payment for capital assets	7	(2)	-	5	-	5	100.0%	110	110	
2.4 Language Services										
Current payment	3,450	(173)	(220)	3,057	3,057	-	100.0%	2,719	2,710	
Transfers and subsidies	263	-	-	263	263	-	100.0%	377	377	
Payment for capital assets	110	(2)	-	108	107	1	99.1%	-	-	
Total	61,004	(847)	(1,410)	58,747	58,672	75	99.9%	56,359	56,265	

Programme 2 per Economic classification : Cultural Affairs	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	37,494	335	(699)	37,130	37,110	20	99.9%	30,894	30,889	
Goods and services	9,405	(284)	(471)	8,650	8,608	42	99.5%	10,912	10,912	
Financial transactions in assets and liabilities	-	14	-	14	13	1	92.9%	10	9	
Transfers and subsidies to:										
Departmental agencies and accounts	1,883	-	-	1,883	1,883	-	100.0%	2,000	2,000	
Non-profit institutions	11,822	(855)	(240)	10,727	10,725	2	100.0%	11,632	11,568	
Households	283	(53)	-	230	226	4	98.3%	48	47	
Payment for capital assets										
Machinery and equipment	117	(4)	-	113	107	6	94.7%	863	840	
Total	61,004	(847)	(1,410)	58,747	58,672	75	99.9%	56,359	56,265	

Detail per sub-programme Programme 3 : Library & Archives services	2009/10					2008/09			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	928	7	(73)	862	861	1	99.9%	727	725
Payment for capital assets	-	-	-	-	-	-	-	11	11
3.2 Library Services									
Current payment	71,809	502	1,089	73,400	73,384	16	100.0%	66,960	66,959
Transfers and subsidies	31,929	(40)	-	31,889	31,888	1	100.0%	27,199	27,054
Payment for capital assets	2,600	(1,548)	-	1,052	1,049	3	99.7%	1,280	1,280
3.3 Archives									
Current payment	8,695	(59)	(126)	8,510	8,510	-	100.0%	8,729	8,729
Transfers and subsidies	-	-	-	-	-	-	-	3	2
Payment for capital assets	50	53	-	103	103	-	100.0%	290	288
Total	116,011	(1,085)	890	115,816	115,795	21	100.0%	105,199	105,048

Program 3 Per Economic classification : Library & Archives services	2009/10					2008/09			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	31,751	(89)	-	31,662	31,662	-	100.0%	27,432	27,431
Goods and services	49,681	523	890	51,094	51,077	17	100.0%	48,980	48,977
Financial transactions in assets and liabilities	-	16	-	16	16	-	100.0%	4	4
Transfers and subsidies									
Provinces and municipalities	31,452	-	-	31,452	31,452	-	100.0%	26,999	26,853
Non-profit institutions	12	-	-	12	12	-	100.0%	12	12
Households	465	(40)	-	425	424	1	99.8%	191	191
Payments for capital assets									
Machinery and equipment	2,650	(1,508)	-	1,142	1,139	3	99.7%	1,581	1,580
Software and other intangible assets	-	13	-	13	13	-	100.0%	-	-
Total	116,011	(1,085)	890	115,816	115,795	21	100.0%	105,199	105,048

Detail per sub-programme : Programme 4 : Sport & Recreation	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
4.1 Management										
Current payment	2,643	(111)	(661)	1,671	1,670	1	99.9%	1,573	1,572	
Transfers and subsidies	-	-	10	10	10	-	100.0%	-	-	
Payment for capital assets	-	-	22	22	22	-	100.0%	240	238	
4.2 Sports										
Current payment	31,032	(4,247)	269	27,054	27,046	8	100.0%	21,357	21,357	
Transfers and subsidies	8,400	58	-	8,458	8,458	-	100.0%	8,717	8,714	
Payment for capital assets	-	5,189	(1,494)	3,695	3,695	-	100.0%	158	157	
4.3 Recreation										
Current payment	9,855	-	2,977	12,832	12,691	141	98.9%	7,972	7,972	
Payment for capital assets	363	-	(363)	-	-	-	-	75	73	
4.4 School Sports										
Current payment	19,613	(980)	(909)	17,724	17,714	10	99.9%	22,123	22,093	
Transfers and subsidies	9,631	(60)	-	9,571	9,570	1	100.0%	7,329	7,133	
Payment for capital assets	405	80	(381)	104	96	8	92.3%	804	803	
4.5 2010 Fifa World Cup										
Current payment	4,811	(198)	-	4,613	4,599	14	99.7%	24,850	23,136	
Transfers and subsidies	-	-	-	-	-	-	-	212,000	212,000	
Payment for capital assets	-	-	-	-	-	-	-	24	23	
Total	86,753	(269)	(730)	85,754	85,571	183	99.8%	307,222	305,271	

Program 4 Per Economic classification : Sport & Recreation	2009/10					2008/09				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	26,050	(8,660)	(1,359)	16,031	15,871	160	99.0%	19,040	19,036	
Goods and services	41,904	3,116	2,796	47,806	47,792	14	100.0%	58,814	57,074	
Financial transactions in assets and liabilities	-	8	49	57	57	-	100.0%	20	19	
Transfers and subsidies										
Provinces and municipalities	4,000	-	-	4,000	4,000	-	100.0%	216,000	216,000	
Non-profit institutions	14,031	(2)	10	14,039	14,038	1	100.0%	12,042	11,843	
Households	-	-	-	-	-	-	4	4	4	
Machinery and equipment	768	5,269	(2,216)	3,821	3,813	8	99.8%	1,301	1,295	
Software and other intangible assets	-	-	-	-	-	-	-	1	-	
Total	86,753	(269)	(730)	85,754	85,571	183	99.8%	307,222	305,271	

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (B - E) to the Annual Financial Statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 5 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration	41,779	41,692	87	0%
Cultural affairs	58,747	58,672	75	0%
Library & Info services	115,816	115,795	21	0%
Sport & Recreation	85,754	85,571	183	0%

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments:				
Compensation of employees	111,478	111,298	180	0%
Goods and services	118,455	118,316	139	0%
Financial transactions in assets and liabilities	188	186	2	0%
Transfers and subsidies:				
Provinces and municipalities	35,452	35,452	-	0%
Departmental agencies and accounts	2,263	2,263	-	0%
Non-profit institutions	27,028	27,021	7	0%
Households	1,518	1,511	7	0%
Payments for capital assets:				
Machinery and equipment	5,694	5,663	31	0%
Software and other intangible assets	20	20	-	0%

	Note	2009/10 R'000	2008/09 R'000
REVENUE			
Annual appropriation	1	302,096	502,203
Departmental revenue	2	482	1,213
TOTAL REVENUE		302,578	503,416
EXPENDITURE			
Current expenditure			
Compensation of employees	3	111,298	100,106
Goods and services	4	118,316	126,888
Financial transactions in assets and liabilities	5	186	55
Total current expenditure		229,800	227,049
Transfers and subsidies			
Transfers and subsidies	6	66,247	268,630
Expenditure for capital assets			
Tangible capital assets	7	5,663	4,291
Software and other intangible assets	7	20	-
Total expenditure for capital assets		5,683	4,291
TOTAL EXPENDITURE		301,730	499,970
SURPLUS FOR THE YEAR		848	3,446
Reconciliation of Surplus for the year			
Voted funds	11	366	2,233
Departmental revenue	2	482	1,213
SURPLUS FOR THE YEAR		848	3,446

Note : The decrease in transfers and subsidies was as a direct result of the once off payment to the City of Cape Town of R212m for the contribution of the Green Point Stadium.

	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current assets		609	5,333
Cash and cash equivalents	8	66	4,768
Prepayments and advances	9	30	106
Receivables	10	513	459
TOTAL ASSETS		609	5,333
LIABILITIES			
Current liabilities		594	5,330
Voted funds to be surrendered to the Revenue Fund	11	366	2,703
Departmental revenue to be surrendered to the Revenue Fund	12	37	11
Bank overdraft	13	150	2,554
Payables	14	41	62
TOTAL LIABILITIES		594	5,330
NET ASSETS		15	3
Represented by:			
Recoverable Revenue		15	3
TOTAL		15	3

	Note	2009/10 R'000	2008/09 R'000
Recoverable revenue			
Opening balance		3	2
Transfers:		12	1
Irrecoverable amounts written off		-	(2)
Debts raised		12	3
Closing balance		15	3
TOTAL		15	3

	Note	2009/10 R'000	2008/09 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		303,139	503,961
Annual appropriated funds received	1.1	302,096	502,203
Departmental revenue received	2	1,043	1,758
Net (increase)/decrease in working capital		1	254
Surrendered to Revenue Fund		(3,720)	(3,381)
Current payments		(229,800)	(227,049)
Transfers and subsidies paid		(66,247)	(268,630)
Net cash flow available from operating activities	15	3,373	5,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(5,683)	(4,291)
Net cash flows from investing activities		(5,683)	(4,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in net assets		12	1
Net cash flows from financing activities		12	1
Net increase/(decrease) in cash and cash equivalents		(2,298)	865
Cash and cash equivalents at beginning of period		2,214	1,349
Cash and cash equivalents at end of period	16	(84)	2,214

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2010

The Financial Statements have been prepared on the modified cash basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act of Division of Revenue Act, Act 12 of 2009.

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

1.2 PRESENTATION CURRENCY

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

1.3 ROUNDING

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

1.4 COMPARATIVE FIGURES

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

1.5 COMPARATIVE FIGURES - APPROPRIATION STATEMENT

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

2. REVENUE

2.1 APPROPRIATED FUNDS

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

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

The total appropriated funds received during the year are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

2.2 DEPARTMENTAL REVENUE

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund is recognised as a payable in the statement of financial position.

Amounts received at the reporting date are disclosed in the disclosure note to the annual financial statements.

3. EXPENDITURE

3.1 COMPENSATION OF EMPLOYEES

3.1.1 SHORT-TERM EMPLOYEE BENEFITS

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when financial authorisation for payment is effected on the system (by no later than 31 March each year)

Short-tem employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts must not be recognised in the statement of financial performance or position. Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 POST RETIREMENT BENEFITS

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. The funds are funded by the employer and employee contributions. Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Funds and not in the financial statements of the employer department.

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

3.1.3 TERMINATION BENEFITS

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

3.1.4 OTHER LONG-TERM EMPLOYEE BENEFITS

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

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.

3.2 GOODS AND SERVICES

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

3.3 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write-off occurs through

out the year and off-set against available funds at the time. No provision is made for irrecoverable amounts but amounts are disclosed in the disclosure notes to the financial statements.

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

3.4 TRANSFERS AND SUBSIDIES

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

3.5 UNAUTHORISED EXPENDITURE

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

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.6 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 IRREGULAR EXPENDITURE

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

4. ASSETS

4.1 CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown separately on the face of the statement of financial position.

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

4.2 OTHER FINANCIAL ASSETS

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

4.3 ADVANCES

Amounts advanced are recognised in the statement of financial position when the payments are made and where the claims have not been received by year end.

Advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 RECEIVABLES

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

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

4.5 INVENTORY

Inventories purchased during the financial year are disclosed at cost in the notes. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.6 CAPITAL ASSETS

4.8.1 MOVABLE ASSETS

INITIAL RECOGNITION

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

All assets acquired prior to 1 April 2002 are included in the register R1.

SUBSEQUENT RECOGNITION

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

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

4.8.2 IMMOVABLE ASSETS

INITIAL RECOGNITION

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

SUBSEQUENT RECOGNITION

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

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

5. LIABILITIES

5.1 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Unexpended appropriated funds are surrendered to the PRF. Amounts owing to the PRF at the end of the Financial year are recognised in the Statement of Financial Position.

5.2 DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE PRF

Amounts owing to the PRF at the end of the Financial year are recognised in the Statement of Financial Position at cost.

5.3 PAYABLES

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.