

DEPARTMENT OF POLICE
VOTE 24
REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2011

The Audit Committee reports in terms of section 38(1)(a) of the Public Finance Management Act, 1 of 1999, as amended and Treasury Regulations 3.1.13 and 27(1)(1 O)(b) and (c) that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and has regulated its affairs in compliance with this charter, and has discharged its responsibilities contained therein.

The Audit Committee consist of the members listed hereunder and meets at least (3) three times per annum as per its approved terms of reference. During the current year, (4) four meetings were held.

1. Meeting attendance during 2010/2011

| Name of Member | | Number of Meetings attended |
|-------------------------------|---|-----------------------------|
| Mr B Coka (retired) | ex-Chairperson ¹ | 4 |
| Ms B Ngunjiri | Chairperson | 4 |
| Lieutenant General MM Stander | Deputy National Commissioner ² | 4 |
| Lieutenant General B Mgwenya | Deputy National Commissioner | 1 |
| Ms M Roos (retired)* | External | 3 |
| Ms KT Rapoo (retired)* | External | 3 |
| Mr T. Boltman | External | 1 |
| Mr W. van Heerden | External | 1 |
| Mr J Mpai | External | 1 |

¹ Mr B Coka retired as his term of office expired effective January 29, 2011 and in his place Ms B. Ngunjiri was appointed effective January 29, 2011. Ms B Ngunjiri was appointed to the Audit Committee in August 2008.

² Lieutenant General MM Stander membership was restructured at the appointment of Lieutenant General B Mgwenya as both the Chief Operating Officer for the SAPS as well as the new internal member of the audit committee. Her appointment therefore fills the same place previously held by Lieutenant General MM Stander effective January 29, 2011.

* Members retired as their term of office expired effective July 29, 2010.

2. Deputy National Commissioners

By delegation of the National Commissioner (Accounting Officer); the Deputy National Commissioner appears in the audit committee meeting as both an in internal member as well as a representative of the Accounting Officer. This process has been altered and in future audit committee meetings the Accounting Officer will represent himself.

3. Performance of the Audit Committee

In the conduct of its duties, the Audit Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems;
- The effectiveness of the internal audit function;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided by management and other

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users of such information;

- ▶ Accounting and auditing concerns identified as a result of internal and external audits;
- ▶ The entity's compliance with legal and regulatory provisions;
- ▶ The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- ▶ The independence and objectivity of the internal and external auditors.

The Audit Committee is of the opinion, based on the information and explanations given by management and the internal auditors and discussions with the independent external auditors on the result of their audits the status in addressing the matters raised by SCOPA, that the internal accounting controls are operating, though they need strengthening and improvement to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the Audit Committee other than the matters referred to in the National Commissioner's and Auditor-General's reports to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Audit Committee has evaluated the annual financial statements of the South African Police Services for the year ended 31 March 2011 and, based on the information provided to the Audit Committee, considers that it complies, in all material respects, with the requirements of the South African Police Act (Act 68 of 1995) and the Public Finance Management Act, 1 of 1999, as amended and South African Statements of Generally Recognised Accounting Practice. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the annual financial statements is appropriate. At their meeting held on 25 July 2011 the Audit Committee recommended the adoption of the Annual Financial Statements by the South African Police Service.

B NGUNJIRI
Chairperson

DATE: 25 July 2011

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

1. General review of the state of financial affairs

The main appropriation for the Department included in the Estimates of National Expenditure 2010 amounted to R52 556 440 000. The Adjusted Estimates for 2010/11 included an additional amount of R973 300 000, which increased the Department's allocation to R53 529 740 000. This represents an increase of 12,4% over the previous financial year's adjusted allocation of R47 621 967 000.

The total expenditure for the 2010/11 financial year amounted to R53 529 700 188,87, which represents a spending rate of 100%. The expenditure was made up as follows:

| Expenditure | 2009/10 R'000 | 2010/11 R'000 | Increase/(Decrease) (%) |
|----------------------------------|------------------|------------------|----------------------------|
| * Compensation of employees | 33 739 819 | 38 415 337 | 13,9% |
| * Departmental operational costs | 13 882 148 | 15 114 363 | 8,9% |
| Total expenditure | 47 621 967 | 53 529 700 | 12,4% |

The surplus on the vote for the 2010/11 financial year amounts to R39 811,20. Spending on compensation of employees (70,8% in 2009/10 and 71,8% in 2010/11) remained the most significant expense in the Department's vote.

Programme spending, if compared to the adjusted allocation for the year, was as follows:

| Programmes | Main Appropriation R'000 | Adjusted Appropriation R'000 | Actual Amount spent R'000 | Variance |
|--|-----------------------------|------------------------------------|------------------------------|-----------|
| 1. Administration | 18 167 072 | 18 066 960 | 17 871 936 | 195 024 |
| 2. Visible Policing | 20 702 464 | 21 500 927 | 21 702 627 | (201 700) |
| 3. Detective Services | 8 757 701 | 8 850 257 | 8 868 123 | (17 866) |
| 4. Crime Intelligence | 1 886 902 | 1 947 635 | 1 947 626 | 9 |
| 5. Protection and Security Services | 3 042 301 | 3 163 961 | 3 139 388 | 24 573 |
| TOTAL | 52 556 440 | 53 529 740 | 53 529 700 | 40 |

Although very marginal in nature, virements were applied and to the following extent:

Programme 1: Administration (Under spending)

Due to spending pressures experienced with the compensation of employees, in the entire vote, the amount due to Polmed (the State's contribution) payable in March 2011 had to compensate to allow for the payment of other compensation expenses in other programmes. However, the full State contribution payable to Polmed was still paid into their bank account on 1 April 2011, according to the agreement. This arrangement implied a partial charge against the allocations of both financial years, i.e. 2010/11 and 2011/12. As a result, Programme 1 realised a decreased level of spending. Due to technical contractual difficulties, monies allocated for the TETRA system in the Eastern Cape were redirected to

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other programmes as well.

Programme 2: Visible Policing (Overspending)

Due to spending pressures experienced with the budget for the compensation of employees in this programme (subprogramme Crime Prevention), a budget overrun realised as was anticipated. Apart from this, over-commitments on the Borderline Security subprogramme projects resulted in a budget shortfall. The source of funding for these overruns is Programme 1.

Programme 3: Detective Services (Overspending)

Due to spending pressures experienced with the budget for the compensation of employees in this programme (subprogramme Crime Investigations), a budget overrun realised as forecasted. Apart from this, capital spending also overspent mainly as a result of capital purchases in respect of the CJS programmes in the FSL/CRC environments. The initial budgetary provision was made under goods and services in these subprogrammes.

Programme 5: Protection and Security Services (Under spending)

Although the compensation of employees realised an overspending for the reasons indicated above, goods and services and payments for capital assets realised budget surpluses as anticipated. The main reason for this spending trend is the organisational changes and redirection of functions that impacted on spending prioritisation and execution. These amounts supplemented the budget difficulties experienced in Programme 3.

The programme expenditure trend in the past two financial periods was as follows:

| Programmes | 2009/10 R'000 | 2010/11 R'000 | Increase/ (Decrease) |
|-------------------------------------|------------------|------------------|-------------------------|
| 1. Administration | 16 009 520 | 17 871 935 | 11,6% |
| 2. Visible Policing | 19 769 866 | 21 702 627 | 9,8% |
| 3. Detective Services | 7 493 634 | 8 868 123 | 18,3% |
| 4. Crime Intelligence | 1 658 018 | 1 947 626 | 17,5% |
| 5. Protection and Security Services | 2 690 929 | 3 139 388 | 16,7% |
| Total expenditure | 47 621 967 | 53 529 700 | 12,4% |

The Department's estimates will increase to R66, 696 billion in 2013/14 over the medium term, at an average rate of 7, 6 % over the period.

2. Services rendered by the Department

2.1 Services rendered

Apart from the Department's core responsibilities, various other internal and extra- departmental services were rendered in terms of the Promotion of Access to Information Act, 2000 (Act No 2 of 2000) and the Firearms Control Act, 2000 (Act No 60 of 2000). As the purpose of the Promotion of Access to Information Act, 2000 is to give full effect to the constitutional right of the public to access any

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information held by the State, it is the Department's objective to foster a culture of transparency and accountability towards the public and to actively promote a society in which the people of the Republic of South Africa have effective access to information, thereby enabling them to exercise and protect all of their rights.

The aim of the Firearms Control Act, 2000 is to address firearm-related crime by removing illegally-possessed firearms from society and to ensure effective control over firearms owned legally by individuals and Government.

A list of services rendered is included under the heading Programme performance in the Annual Report.

2.2 Tariff policy

All fees, charges and tariffs that is not or cannot be fixed by any law and that relate to revenue accruing to a revenue fund are managed by the Department's Tariff Committee.

2.3 Auxiliary Services

The Department caters for those services that have been classified as functional responsibilities of the Department and not for so-called free services.

The functional responsibilities of the Department include the provision of -

- ▶ nutrition to detainees
- ▶ nutrition to resident members in some official quarters
- ▶ nutrition to members at SAPS training facilities
- ▶ services to members who participate in certain official activities such as sport, recreational and cultural activities

3. Capacity constraints and improvements

As reported in the previous Annual Report, the Department gradually improved its organizational structure over the past nine years by increasing the number of personnel on the fixed establishment in order to meet the capacity needs.

Since 1 April 2002 the Department embarked upon a strategy to increase its capacity, both human and physical. This process will continue for the next three financial years. Similarly, spending on capital immovable assets will also remain a prominent feature of the SAPS vote. The Department's staff establishment as on 31 March 2011 was 193 129.

4. Use of donor funds

France

The Minister of Police signed an agreement with the Government of France on 9 March 2009. The

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overall objective of this new project is to contribute to the creation of a safe and secure environment by reinforcing the capacity of the South African Police Service (SAPS) to fight against Transnational Organised Crime and Terrorism.

The Project consists of the following components:

Component 1

To strengthen the capacity of the South African Police Service in dealing with the threat of criminal networks and terrorism including but not limited to -

- ▶ developing more efficient border control
- ▶ strengthening the capacity of specialist investigative units
- ▶ developing the capacities of technical and scientific police units
- ▶ developing the crime intelligence information-gathering capacity on terrorism and organised crime; and
- ▶ developing a capacity to carry out anti-terrorist operations.

Component 2

To strengthen the interaction of the South African Police Service with neighbouring countries, by, among other things, -

- ▶ developing a Detective course for countries of the Southern African Regional Police Chiefs Cooperation Organization (SARPCCO)
- ▶ arranging international conferences and workshops
- ▶ providing French language courses.

The value of the project is 1.2 million Euros, which will be supplied over a period of three years.

Sudan

In November 2009 a project agreement was signed between the SAPS and Norway on Sustainable Policing in Sudan. This is a regional partnership between the SAPS and the Sudanese Police Force, supported by funding from the Royal Norwegian Government.

Belgium

The Nelson Mandela Metropolitan University's Business School has been involved in the development and presentation of a *Programme to Support the Planning and Management for Improved Organizational Performance* within the Strategic Management Unit of the South African Police Service (SAPS) nationally.

The programme, which is funded by the Belgian Government as part of a bilateral support programme for South Africa, is aimed at equipping the members with the necessary knowledge and skills to become

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more self-directed and accountable for the nature and quality of their own output.

The aim of this project is to have skilled and competent members within a Strategic Management environment who assist the SAPS with the provision of strategic direction and facilitate organisational developmental initiatives. The success of this training in terms of changed attitudes and behaviour and improved service delivery, has resulted in three (3) groups of thirty (30) learners each, funded by the Belgian Technical Cooperation over a three-year period. In February 2011 a group of 15 members started with another cycle of training for 2010/2011.

5. Trading entities and public entities

The Private Security Industry Regulatory Authority was established in terms of the Private Security Industry Regulation Act, 2001 (Act No 56 of 2001) with a primary objective of the regulation of the private security industry, exercising effective control over the practice of the occupation of security service provider in the public and national interest, and the interest of the private security industry itself.

No transfer of funds takes place between the authority and the SAPS budget allocation and the SAPS is not a designated department for the authority as contemplated in section 53(2) of the Public Finance Management Act.

6. Organisations that transfer payments have been made to

In terms of the Skills Development Act, 1998 (Act No 97 of 1998), and the Skills Development Levies Act, 1999 (Act No 9 of 1999), an amount of R23, 861 million was paid to the Safety and Security Sector Education and Training Authority in 2010/11.

7. Corporate governance arrangements

7.1 Fraud prevention policies

The SAPS has revised its Anti-corruption Strategy to ensure compliance in terms of the Minimum Anti-corruption Capacity requirements (MACC) as approved by Cabinet. This revision of the Anti-corruption Strategy was conducted in response to an audit of the extent of compliance with the MACC as conducted by the Department of Public Service and Administration in 2009/10. The revision of the Strategy has focused specifically on ensuring the effective implementation of the four pillars of the Strategy, namely prevention, detection, investigation and restorative actions by all divisions, provinces and stations. In order to ensure effective implementation of the Strategy, specific Anti-corruption Action Plans have been developed for implementation at divisional, provincial and station levels, ensuring that all corruption combating initiatives contained in the Strategy are reflected in the Anti-corruption Action Plans.

These Anti-corruption Action Plans contain specific priorities and actions in each of the four pillars, with measureable performance indicators, baselines and targets. The divisions, provinces and stations focus on implementing the Anti-corruption Action Plan during each of the four quarters of the financial year, and provide quarterly reports on the progress made with achieving targets to the office of the National Commissioner. The provinces and divisions initiated the implementation of their Anti-corruption Action Plans during the last quarter of 2010/11 and revised Anti-corruption Action Plans for

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all levels have been developed for implementation during 2011/12.

The SAPS developed an Anti-corruption Sensitization Programme. This Programme focuses on sensitizing and educating SAPS members and the public on the nature, causes and consequences of corruption. The divisions and provinces initiated the roll-out of the Sensitization Programme during 2010/11, with personnel at stations being the focus of the Programme.

The SAPS has developed an Integrity Management Framework for the SAPS that will function as a key element of the Prevention Pillar within the Anti-corruption Strategy. The Integrity Management Framework focuses on improving levels of professionalism and integrity in the SAPS, increasing levels of direct managerial support to members, ensuring the necessary corruption-reporting policies are in place, e.g. the Whistle-blowing Policy and establishing an anti-corruption training programme within the SAPS to augment the Sensitization Programme.

7.2 Management processes aimed at managing conflict of interest

The SAPS has issued an instruction regarding the declaration of interests in support of the implementation of National Treasury Practice Note 7 of 2009/10. This instruction does, however, only apply to members of the Supply Chain Management Division.

National Instruction 6 of 2005 indicates that members of selection panels must declare any interest that they may have that could influence the assessment of applicants.

7.3 Approach to risk management

The SAPS has revised its Risk Management Strategy for implementation during 2011/12 to ensure compliance with the Public Sector Risk Management Framework and the risk management recommendations made in the King III Report on Corporate Governance. As a result of revisions to the Risk Management Strategy, a draft, revised national instruction on risk management was developed in consultation with all provinces, divisions and national components. Changes to the existing national instruction were effected and are in the process of being completed by Legal Services for promulgation.

The annual Risk Management Implementation Plan was compiled and approved on 5 July 2010 for implementation. Quarterly reports regarding the implementation of the Implementation Plan were completed and submitted to the National Risk Committee and the SAPS Auditing Committee for consideration and approval. In its quarterly reports, the SAPS was able to demonstrate that the mitigation of certain risks had been achieved, resulting in the reprioritisation of risk.

Members of top management were sensitized about their roles and responsibilities towards the implementation of Risk Management, including the importance of establishing a risk management culture in the SAPS. This took place in the risk identification sessions for provinces and divisions and provincial consultation sessions in preparation of the strategic planning session for the National Commissioner.

A schedule was completed for the conducting of risk assessments in the provinces, divisions and national components, which resulted in eight provinces and ten divisions having approved risk registers.

A National Strategic Risk Register for the SAPS was completed and approved by the National

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Commissioner of the SAPS. Key Risk Indicators (KRI's), as well as an information process flow, were developed for all strategic risks. National Control Standards were developed for each of the Strategic Risks. The Strategic Risk Register for the SAPS, including KRI's and National Control Standards, were communicated to all provinces, divisions and stations.

The Risk Management manual was piloted in four comprehensive in-service skills development sessions. These sessions were attended by 84 members from the provinces, divisions, national components and stations. Skills development enhances the establishment and empowerment of a risk management capacity at the different levels within the SAPS. Risk management sensitization, an overview of the risk management process in the SAPS, and an explanation of the Risk Register and Quarterly Risk Report templates were provided.

Two National Risk Committee (NRC) meetings were conducted in the reporting period. The National Commissioner appointed the Chief Operations Officer of the SAPS, as the chairperson of the NRC. The NRC comprises two Provincial Commissioners, the majority of the operational divisional commissioners and the key support divisional commissioners, a member of the Auditing Committee, the Chief Risk Officer and the Police Secretariat. A Charter for the NRC, including charters for the Provincial and Station Risk Committees were completed. The Charter defined their roles, membership and functions.

7.4 Implementation and assessment of the Code of Conduct

The SAPS Code of Conduct was communicated to all members. It specifically focused on providing a policing service that is characterized by professionalism and integrity and has been included in the corporate documentation developed by the SAPS. The SAPS Code of Ethics was included specifically in the Strategic Plan 2010 to 2014 in order to provide a strategic platform for the continued internal and external communication of the ethical values that the SAPS subscribe to.

The Anti-corruption Sensitization Programme developed by the SAPS is being implemented on all levels, but particularly on station level and it emphasizes the role played by the Code of Conduct in structuring and setting standards for the conduct of all SAPS members. Specific elements of the Code of Conduct are included in the programme, and it focuses members on the need for the actual implementation of the Code of Conduct through the day-to-day behaviour and conduct of SAPS members.

The requirements of the King III Report

The King III report on Corporate Governance includes an extended set of recommendations regarding risk management and its implementation within organizations. The SAPS analysed these recommendations and ensured their integration into the revised Risk Management Strategy. The SAPS Risk Management Strategy for 2011/12 is therefore compliant with both the Public Sector Risk Management Framework and the recommendations regarding risk management made in the King II Report.

7.5 Effectiveness of Internal Audit and Auditing Committee

The Strategic Internal Audit Plan, which extends over three years and incorporates the Annual Plan for the 2010/2011 financial year, was approved by the Audit Committee. The approach was to formulate a risk-based plan that aligned the priorities of the Internal Auditing component with the objectives and goals of the Department and related strategic risk areas the Department faces over the next three years. The projects, among other things, include the following types of reviews:

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- Risk-based compliance
- Financial discipline
- Cyclical reviews

The scope of the Internal Auditing component is to ascertain whether the Department's network of risk management, control and governance processes, as designed and represented by management, are adequate and operative in a manner that will ensure the following:

- Risks are appropriately identified and managed.
- Appropriate interaction takes place with the various governance groups in the Department.
- Financial, managerial and functional information is accurate, reliable and timely.
- Employee's actions comply with policies, standards, procedures and the applicable laws and regulations.
- Resources are acquired economically, used efficiently and are adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control processes.
- Significant legislative or regulatory matters impacting on the organization are recognized and addressed appropriately.

The Internal Auditing component is independent and no limitation is put on access to information. The accountability and reporting structures of the component are properly established and regular feedback is provided to the Auditing Committee that acts as oversight committee in evaluating the following:

- Progress made with the execution of internal audit reviews in terms of the approved Internal Audit Plan
- Results of the internal audit reviews concluded
- The effectiveness of the component.

7.6 Safety, health and environment-related matters

The Department established a component attending to the working environment in terms of the Occupational Health and Safety Act, 1993 (Act No 85 of 1993).

Ongoing projects aimed at improving health and safety in 2010/2011

- Research into proper personal protective equipment/clothing

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- Communication Plan to promote awareness of health and safety
- Development of safe working procedures and standards for health and safety regarding specific duties
- Legal compliance audits (inspections) at the workplaces of the Department's members of personnel
- Medical Surveillance Programme
- Induction training on health and safety at training colleges.
- Investigation of all reported incidents in the SAPS and report to Department of Labour in terms of OHS Act 85 of 1993.

8. Discontinued activities

None.

9. New/proposed activities

Legislation was passed to ensure that from 1 July 2009, the duties that had been performed by the former Directorate for Special Operations (DSO) in the National Prosecuting Authority would be transferred to the SAPS. This resulted in the establishment of the Directorate for Priority Crime Investigation, which included the duties of the Commercial and Organised Crime Unit of the SAPS, and formed part of the broader Detective Services of the South African Police Service.

10. Asset management

The Department is continuously striving to improve asset management to comply with the requirements of the Annual Financial Statements (AFS). In this regard the Supply Chain Management Division made a policy decision that only the Provisioning Administration System will serve as the official system from which information will be provided. To support this decision, the Divisional Commissioner has also established a Management Information Centre where all information will be verified. It is acknowledged that data integrity on the systems poses a challenge and all efforts are made to keep the current information accurate and to implement business and counting rules in compliance with all regulatory frameworks.

In addition to the Asset Register, several functionalities and interfaces have been established and implemented to enhance an integrated asset management approach in the Department. This includes the following:

- The Workshop Accounting System
- The Loss Control System
- NATIS
- The Firearm Control System

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- The Vehicle Tracking System
- The Fuel Card System
- The POLFIN Telkom System
- The Action Response System (ARS) for computer equipment
- Reconciliation of asset additions with invoices paid.

11. Inventories

The total inventories on hand at the year-end are included in Annexure 6.

12. Events after the reporting date

Due to the fact that the Department of Public Works has taken a decision to apply for a declaratory order in the Sanlam Middestad lease agreement for the Court to make a ruling on the legality or otherwise of the lease agreement, it was decided to include it as a contingent liability.

13. Information on predetermined objectives

Quarterly reports are compiled in accordance with Treasury Regulation 5.3 in order to monitor progress regarding the implementation of the Annual Performance Plan, including the performance indicators and targets. Management uses the information in the quarterly reports to implement procedures to correct the Department's performance in achieving its targets as described in the Annual Performance Plan.

Internal controls and procedures have been developed for performance management and describe the Department's verification processes for performance monitoring, measurement, review and reporting.

Dedicated personnel who have been trained in strategic management principles are responsible for gathering, monitoring, evaluating and verifying performance indicators information per financial programme as described in the Annual Performance Plan.

Various electronic information systems, e.g. the Crime Administration System, the Operational Planning and Monitoring System, the Firearm Registration System that capture performance information, were implemented. In cases where there is no electronic systems to capture performance information, manual systems are used. However, the manual systems are gradually replaced by electronic systems in order to provide more accurate performance information. Control procedures are built into the various systems to assist with the verification and analysis of performance information.

14. SCOPA resolutions

The following progress has been made regarding various SCOPA resolutions:

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| Reference to previous audit report and SCOPA resolutions | Subject | Findings on progress |
|--|---|----------------------|
| Audit Report on Performance Audit SCOPA Resolution 1/2009 | Vehicle Management <ul style="list-style-type: none"> • Implementing AVL • Training employees without driver's licences • Monitoring the use of vehicles • Maintaining vehicles turn-around times | Substantial progress |
| | Training <ul style="list-style-type: none"> • Exposing members to training • Training Database • Training budget | Substantial progress |
| | Community Service centres <ul style="list-style-type: none"> • Access for people with disabilities • Infrastructure of police stations | Substantial progress |
| | Domestic violence <ul style="list-style-type: none"> • Compliance with National Instruction and Domestic Violence Act | Substantial progress |
| | Bulletproof vests <ul style="list-style-type: none"> • Issuing of bulletproof vests | Substantial progress |
| | 10111 Call centres <ul style="list-style-type: none"> • Compliance with norms and standards • Shortcomings in respect of equipment and people • Contingency plans • Training | Substantial progress |

15. Approved

The Annual Financial Statements set out from pages 137 to 192, as well as a set of Annual Financial Statements compiled for consolidation purposes, have been approved by the Accounting Officer.



National Commissioner
B H Cele

ORIGINALY SIGNED
NATIONAL COMMISSIONER: SOUTH AFRICAN POLICE SERVICE
(ACCOUNTING OFFICER)

B H CELE

Date: 2011-05-31

GENERAL

REPORT OF THE AUDITOR-GENERAL
TO PARLIAMENT ON VOTE 24
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REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Police, which comprise the appropriation statement, and the statement of financial position as at 31 March 2011, 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, and the accounting officer's report as set out on pages 121 to 131.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with The Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999)(PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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 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 Police as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with The Departmental Financial Reporting Framework

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prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matter

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

Significant uncertainty

9. With reference to note 19 to the financial statements the department is disclosing a contingent liability for the lease contract of the Pretoria building. The Department of Public Works has taken a decision to apply for a declaratory order in the Sanlam Middestad lease agreement for the court to make a ruling on the legality or otherwise of the lease agreement.

Additional matters

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

Financial reporting framework

11. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2) (a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

Unaudited supplementary schedules

12. The supplementary information set out in annexures 1 to 6 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

13. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 14 to 118 and material non-compliance with laws and regulations applicable to the Department of Police.

Reliability of information

14. The reported performance information was deficient in respect of the following criteria:
- Validity: Actual reported performance has occurred and pertains to the entity.
 - Accuracy: Amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.

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- **Completeness:** All actual results and events that should have been recorded have been included in the annual performance report.

The following audit findings relate to the above criteria:

Reported performance against indicator is not complete when compared to source information (reliability)

15. Performance indicator of programme 2 - visible policing: number of crime prevention actions conducted by police stations focusing on legal and illegal firearms, illegal drugs and stolen/robbed vehicles. The crime prevention actions conducted by police stations could not be verified on the OPAM system, as some crime operational plans had not been registered on the system.

Reported performance against indicator is not accurate when compared to source information (reliability)

16. The performance indicator, 'Percentage of registered OCPI successfully terminated' under programme 3: detective services, was inaccurate as the status of some terminated projects was still reflected as active on the OCPI system used for reporting.

Reported performance against indicator is not valid, accurate and complete when compared to source information (reliability)

17. The validity, accuracy and completeness of the performance indicator, 'Specialised interventions – number of medium- to high-risk incidents stabilised' under programme 2: visible policing could not be established, as the information captured in the monthly success reports differed from the consolidated quarterly reports used for reporting on this indicator.

Compliance with laws and regulations

18. Included below are findings on material non-compliance with laws and regulations applicable to the department.

Annual financial statements, performance report and annual report

19. The financial statements submitted for auditing did not comply with section 40(1)(c)(i) of the PFMA. Material misstatements were identified during the audit, all of which were corrected by management.

Procurement and contract management

20. The accounting officer did not take effective and/or appropriate steps to prevent irregular as well as fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.
21. Contract performance was not managed effectively and economically as per requirements of section 38(1)(c)(iii) of the PFMA.
22. Some goods and services that were procured on quotations were not done on a rotation basis as

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DEPARTMENT OF POLICE
for the year ended 31 March 2011

per practice note 8 of 2009/10 paragraph 15.3.

Strategic planning and performance management

23. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent system and internal controls in certain instances regarding performance management, which described and represented how the institution's processes of performance planning, monitoring, measurement, review and reporting would be conducted, organised and managed, as required in terms of section 38(1)(a)(i) of the PFMA.

INTERNAL CONTROL

24. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

25. Commanders at station level responsible for visible policing, did not exercise oversight responsibility over reporting on predetermined objectives to ensure that entries occurred, were authorised and were captured (i.e. that reported information was complete).
26. Commanders at unit level responsible for investigating organised crime did not exercise oversight responsibility over reporting on predetermined objectives to ensure that entries occurred, were authorised and were captured.

Performance Management

27. Commanders at station level did not exercise oversight responsibility with regards to administration of the OPAM system by ensuring that all crime prevention plans are registered on the OPAM system.

OTHER REPORTS

Investigations

28. Investigations conducted within the department

Four hundred and seventy-six (476) members were charged for inter alia corruption, defeating ends of justice, fraud, aiding an escapee, bribery and extortion in terms of the department's disciplinary regulations, in terms of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

Two hundred and sixty-three (263) members were suspended: 215 without salary and 48 with salary. Two hundred and thirteen (213) members were not suspended. Four hundred and seventy-nine (479) corruption charges were brought against members of which three members were

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charged with more than one crime.

29. External investigations conducted within the department

The Public Protector conducted two investigations regarding a building in Pretoria and a building in Durban. At the date of this report, the Department of Police included the building in Pretoria as a contingent liability (refer to note 19 of the financial statements) and the Department of Public Works confirmed that there was no lease contract for the Durban building.

Performance audit

30. A performance audit was conducted on the department's use of consultants. The audit is currently in the reporting phase. The findings will be reported in a separate report.

Auditor-General

31 July 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

DEPARTMENT OF POLICE
VOTE 24

APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Appropriation per Programme | | | | | | | | | |
|--|------------------------|-------------------|-----------|---------------------|--------------------|-----------|---|---------------------|--------------------|
| 2010/11 | | | | | | | | | |
| | 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 |
| 2009/10 | | | | | | | | | |
| 1. Administration | | | | | | | | | |
| Current payment | 16 491 522 | 0 | (752 841) | 15 738 681 | 15 738 650 | 31 | 100% | 14 455 238 | 14 455 238 |
| Transfers and subsidies | 217 981 | 0 | 77 144 | 295 125 | 295 125 | 0 | 100% | 219 840 | 219 840 |
| Payment for capital assets | 1 357 457 | 0 | 477 828 | 1 835 285 | 1 835 285 | 0 | 100% | 1 333 393 | 1 333 393 |
| Payment for financial assets | 0 | 0 | 2 876 | 2 876 | 2 876 | 0 | 100% | 1 049 | 1 049 |
| 2. Visible Policing | | | | | | | | | |
| Current payment | 20 337 247 | 0 | 329 364 | 20 666 611 | 20 666 611 | 0 | 100% | 18 514 480 | 18 514 480 |
| Transfers and subsidies | 156 006 | 0 | (12 796) | 143 210 | 143 210 | 0 | 100% | 153 080 | 153 080 |
| Payment for capital assets | 1 007 674 | 0 | (114 868) | 892 806 | 892 806 | 0 | 100% | 1 102 306 | 1 102 306 |
| 3. Detective Services | | | | | | | | | |
| Current payment | 8 516 707 | 0 | (205 307) | 8 311 400 | 8 311 400 | 0 | 100% | 7 160 518 | 7 160 518 |
| Transfers and subsidies | 50 551 | 0 | (6 847) | 43 704 | 43 704 | 0 | 100% | 49 877 | 49 877 |
| Payment for capital assets | 282 999 | 0 | 230 020 | 513 019 | 513 019 | 0 | 100% | 283 239 | 283 239 |
| 4. Crime Intelligence | | | | | | | | | |
| Current payment | 1 899 335 | 0 | 6 060 | 1 905 395 | 1 905 386 | 9 | 100% | 1 610 463 | 1 610 435 |
| Transfers and subsidies | 7 724 | 0 | 4 880 | 12 604 | 12 604 | 0 | 100% | 8 997 | 8 997 |
| Payment for capital assets | 40 576 | 0 | (10 940) | 29 636 | 29 636 | 0 | 100% | 38 586 | 38 586 |
| 5. Protection and Security Services | | | | | | | | | |
| Current payment | 3 084 756 | 0 | 26 789 | 3 111 545 | 3 111 545 | 0 | 100% | 2 644 095 | 2 644 095 |
| Transfers and subsidies | 6 138 | 0 | (485) | 5 653 | 5 653 | 0 | 100% | 5 613 | 5 613 |
| Payment for capital assets | 73 067 | 0 | (50 877) | 22 190 | 22 190 | 0 | 100% | 41 221 | 41 221 |
| Total | 53 529 740 | 0 | 0 | 53 529 740 | 53 529 700 | 40 | 100% | 47 621 995 | 47 621 967 |
| Reconciliation with Statement of Financial Performance | | | | | | | | | |
| Add: Departmental revenue | | | | 287 737 | | | | 347 572 | |
| Aid assistance | | | | 7 516 | | | | 5 127 | |
| Actual amounts per Statement of Financial Performance (Total Revenue) | | | | 53 824 993 | | | | 47 974 694 | |
| Add: Aid assistance | | | | 4 550 | | | | | 14 711 |
| Actual amounts per Statement of Financial Performance (Total Expenditure) | | | | 53 534 250 | | | | | 47 636 678 |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Appropriation per Economic classification | | | | | | | | | |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
| | 2010/11 | | | | | 2009/10 | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 38 416 114 | 0 | (737) | 38 415 377 | 38 415 337 | 40 | 100% | 33 739 847 | 33 739 819 |
| Goods and services | 11 913 453 | 0 | (595 198) | 11 318 255 | 11 318 255 | 0 | 100% | 10 644 947 | 10 644 947 |
| Transfers and subsidies | | | | | | | | | |
| Provinces and municipalities | 23 943 | 0 | 1 769 | 25 712 | 25 712 | 0 | 100% | 25 195 | 25 195 |
| Departmental agencies and accounts | 22 787 | 0 | 1 074 | 23 861 | 23 861 | 0 | 100% | 20 818 | 20 818 |
| Households | 391 670 | 0 | 59 053 | 450 723 | 450 723 | 0 | 100% | 391 394 | 391 394 |
| Payment for capital assets | | | | | | | | | |
| Buildings and other fixed structures | 1 118 201 | 0 | 63 940 | 1 182 141 | 1 182 141 | 0 | 100% | 1 070 126 | 1 070 126 |
| Machinery and equipment | 1 642 437 | 0 | 467 453 | 2 109 890 | 2 109 890 | 0 | 100% | 1 726 766 | 1 726 766 |
| Biological assets | 1 135 | 0 | (230) | 905 | 905 | 0 | 100% | 1 853 | 1 853 |
| Payment for financial assets | 0 | 0 | 2 876 | 2 876 | 2 876 | 0 | 100% | 1 049 | 1 049 |
| Total | 53 529 740 | 0 | 0 | 53 529 740 | 53 529 700 | 40 | 100% | 47 621 995 | 47 621 967 |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 1 - Administration | | | | | | | | | | |
|---|------------------------|-------------------|-----------|---------------------|--------------------|----------|---|---------------------|--------------------|------------|
| Detail per sub-programme | | 2010/11 | | | | | 2009/10 | | | |
| | 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 |
| 1.1 Minister | | | | | | | | | | |
| Current payment | 1 816 | 0 | (5) | 1 811 | 1 811 | 0 | 100% | 1 729 | 1 729 | 1 729 |
| 1.2 Deputy Minister | | | | | | | | | | |
| Current payment | 1 496 | 0 | (3) | 1 493 | 1 493 | 0 | 100% | 1 432 | 1 432 | 1 432 |
| 1.3 Management | | | | | | | | | | |
| Current payment | 53 055 | 0 | 20 625 | 73 680 | 73 680 | 0 | 100% | 50 377 | 50 377 | 50 377 |
| Transfers and subsidies | 13 | 0 | 480 | 493 | 493 | 0 | 100% | 263 | 263 | 263 |
| Payment for capital assets | 1 246 | 0 | (108) | 1 138 | 1 138 | 0 | 100% | 1 152 | 1 152 | 1 152 |
| 1.4 Corporate Services | | | | | | | | | | |
| Current payment | 14 355 221 | 0 | (849 691) | 13 505 530 | 13 505 499 | 31 | 100% | 12 531 516 | 12 531 516 | 12 531 516 |
| Transfers and subsidies | 217 968 | 0 | 76 664 | 294 632 | 294 632 | 0 | 100% | 219 577 | 219 577 | 219 577 |
| Payment for capital assets | 1 356 211 | 0 | 477 936 | 1 834 147 | 1 834 147 | 0 | 100% | 1 332 241 | 1 332 241 | 1 332 241 |
| Payment for financial assets | 0 | 0 | 2 876 | 2 876 | 2 876 | 0 | 100% | 1 049 | 1 049 | 1 049 |
| 1.5 Property Management | | | | | | | | | | |
| Current payment | 2 079 934 | 0 | 76 233 | 2 156 167 | 2 156 167 | 0 | 100% | 1 870 184 | 1 870 184 | 1 870 184 |
| Total | 18 066 960 | 0 | (194 993) | 17 871 967 | 17 871 936 | 31 | 100% | 16 009 520 | 16 009 520 | 16 009 520 |

DEPARTMENT OF POLICE
VOTE 24

APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Economic classification | Detail per programme 1 - Administration | | | | | | | | | |
|--------------------------------------|---|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
| | 2010/11 | | | | | 2009/10 | | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 | |
| Current payments | | | | | | | | | | |
| Compensation of employees | 9 981 903 | 0 | (295 360) | 9 686 543 | 9 686 512 | 31 | 100% | 8 875 815 | 8 875 815 | |
| Goods and services | 6 509 619 | 0 | (457 481) | 6 052 138 | 6 052 138 | 0 | 100% | 5 579 423 | 5 579 423 | |
| Transfers and subsidies | | | | | | | | | | |
| Provinces and municipalities | 3 571 | 0 | (144) | 3 427 | 3 427 | 0 | 100% | 3 484 | 3 484 | |
| Departmental agencies and accounts | 22 787 | 0 | 1 074 | 23 861 | 23 861 | 0 | 100% | 20 818 | 20 818 | |
| Households | 191 623 | 0 | 76 214 | 267 837 | 267 837 | 0 | 100% | 195 538 | 195 538 | |
| Payment for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | 1 118 201 | 0 | 56 459 | 1 174 660 | 1 174 660 | 0 | 100% | 1 055 770 | 1 055 770 | |
| Machinery and equipment | 238 121 | 0 | 421 599 | 659 720 | 659 720 | 0 | 100% | 275 850 | 275 850 | |
| Biological assets | 1 135 | 0 | (230) | 905 | 905 | 0 | 100% | 1 773 | 1 773 | |
| Payment for financial assets | 0 | 0 | 2 876 | 2 876 | 2 876 | 0 | 100% | 1 049 | 1 049 | |
| Total | 18 066 960 | 0 | (194 993) | 17 871 967 | 17 871 936 | 31 | 100% | 16 009 520 | 16 009 520 | |

DEPARTMENT OF POLICE
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APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 2 - Visible Policing | | | | | | | | | | |
|---|----------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
| Detail per sub-programme | | 2010/11 | | | | | 2009/10 | | | |
| | | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 |
| 2.1 Crime Prevention | | | | | | | | | | |
| | Current payment | 18 743 049 | 0 | 261 190 | 19 004 239 | 19 004 239 | 0 | 100% | 16 775 550 | 16 775 550 |
| | Transfers and subsidies | 145 515 | 0 | (13 472) | 132 043 | 132 043 | 0 | 100% | 143 703 | 143 703 |
| | Payment for capital assets | 971 542 | 0 | (163 839) | 807 703 | 807 703 | 0 | 100% | 1 001 573 | 1 001 573 |
| 2.2 Borderline Security | | | | | | | | | | |
| | Current payment | 151 933 | 0 | (12 419) | 139 514 | 139 514 | 0 | 100% | 159 892 | 159 892 |
| | Transfers and subsidies | 190 | 0 | 40 | 230 | 230 | 0 | 100% | 336 | 336 |
| | Payment for capital assets | 27 437 | 0 | 27 494 | 54 931 | 54 931 | 0 | 100% | 57 551 | 57 551 |
| 2.3 Specialised Interventions | | | | | | | | | | |
| | Current payment | 1 442 265 | 0 | 80 593 | 1 522 858 | 1 522 858 | 0 | 100% | 1 579 038 | 1 579 038 |
| | Transfers and subsidies | 10 301 | 0 | 636 | 10 937 | 10 937 | 0 | 100% | 9 041 | 9 041 |
| | Payment for capital assets | 8 695 | 0 | 21 477 | 30 172 | 30 172 | 0 | 100% | 43 182 | 43 182 |
| | Total | 21 500 927 | 0 | 201 700 | 21 702 627 | 21 702 627 | 0 | 100% | 19 769 866 | 19 769 866 |

DEPARTMENT OF POLICE
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APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 2 - Visible Policing | | | | | | | | | |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
| Economic classification | 2010/11 | | | | | 2009/10 | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 17 025 736 | 0 | 215 627 | 17 241 363 | 17 241 363 | 0 | 100% | 15 126 870 | 15 126 870 |
| Goods and services | 3 311 511 | 0 | 113 737 | 3 425 248 | 3 425 248 | 0 | 100% | 3 387 610 | 3 387 610 |
| Transfers and subsidies | | | | | | | | | |
| Provinces and municipalities | 14 005 | 0 | 1 763 | 15 768 | 15 768 | 0 | 100% | 15 031 | 15 031 |
| Households | 142 001 | 0 | (14 559) | 127 442 | 127 442 | 0 | 100% | 138 049 | 138 049 |
| Payment for capital assets | | | | | | | | | |
| Buildings and other fixed structures | 0 | 0 | 4 417 | 4 417 | 4 417 | 0 | 100% | 9 280 | 9 280 |
| Machinery and equipment | 1 007 674 | 0 | (119 285) | 888 389 | 888 389 | 0 | 100% | 1 092 946 | 1 092 946 |
| Biological assets | 0 | 0 | 0 | 0 | 0 | 0 | 100% | 80 | 80 |
| Total | 21 500 927 | 0 | 201 700 | 21 702 627 | 21 702 627 | 0 | 100% | 19 769 866 | 19 769 866 |

DEPARTMENT OF POLICE
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APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 3 - Detective Services | | | | | | | | | | |
|---|------------------------|-------------------|---------------|---------------------|--------------------|----------|---|---------------------|--------------------|-------|
| Detail per sub-programme | | 2010/11 | | | | | 2009/10 | | | |
| | 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 |
| 3.1 Crime Investigations | | | | | | | | | | |
| Current payment | 6 039 569 | 0 | 54 066 | 6 093 635 | 6 093 635 | 0 | 100% | 5 301 032 | 5 301 032 | |
| Transfers and subsidies | 44 347 | 0 | (8 317) | 36 030 | 36 030 | 0 | 100% | 42 565 | 42 565 | |
| Payment for capital assets | 166 198 | 0 | 5 204 | 171 402 | 171 402 | 0 | 100% | 172 701 | 172 701 | |
| 3.2 Criminal Record Centre | | | | | | | | | | |
| Current payment | 1 046 997 | 0 | (164 799) | 882 198 | 882 198 | 0 | 100% | 727 214 | 727 214 | |
| Transfers and subsidies | 1 244 | 0 | 433 | 1 677 | 1 677 | 0 | 100% | 1 290 | 1 290 | |
| Payment for capital assets | 65 554 | 0 | 133 592 | 199 146 | 199 146 | 0 | 100% | 43 977 | 43 977 | |
| 3.3 Forensic Science Laboratory | | | | | | | | | | |
| Current payment | 539 963 | 0 | (64 091) | 475 872 | 475 872 | 0 | 100% | 377 292 | 377 292 | |
| Transfers and subsidies | 344 | 0 | 227 | 571 | 571 | 0 | 100% | 150 | 150 | |
| Payment for capital assets | 36 547 | 0 | 39 546 | 76 093 | 76 093 | 0 | 100% | 20 318 | 20 318 | |
| 3.4 Specialised Investigations | | | | | | | | | | |
| Current payment | 890 178 | 0 | (30 483) | 859 695 | 859 695 | 0 | 100% | 754 980 | 754 980 | |
| Transfers and subsidies | 4 616 | 0 | 810 | 5 426 | 5 426 | 0 | 100% | 5 872 | 5 872 | |
| Payment for capital assets | 14 700 | 0 | 51 678 | 66 378 | 66 378 | 0 | 100% | 46 243 | 46 243 | |
| Total | 8 850 257 | 0 | 17 866 | 8 868 123 | 8 868 123 | 0 | 100% | 7 493 634 | 7 493 634 | |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 3 - Detective Services | | | | | | | | | | |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
| Economic classification | 2010/11 | | | | | 2009/10 | | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 | |
| Current payments | | | | | | | | | | |
| Compensation of employees | 6 914 991 | 0 | 26 692 | 6 941 683 | 6 941 683 | 0 | 100% | 5 921 018 | 5 921 018 | |
| Goods and services | 1 601 716 | 0 | (231 999) | 1 369 717 | 1 369 717 | 0 | 100% | 1 239 500 | 1 239 500 | |
| Transfers and subsidies | | | | | | | | | | |
| Provinces and municipalities | 4 765 | 0 | (53) | 4 712 | 4 712 | 0 | 100% | 4 873 | 4 873 | |
| Households | 45 786 | 0 | (6 794) | 38 992 | 38 992 | 0 | 100% | 45 004 | 45 004 | |
| Payment for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | 0 | 0 | 2 929 | 2 929 | 2 929 | 0 | 100% | 2 808 | 2 808 | |
| Machinery and equipment | 282 999 | 0 | 227 091 | 510 090 | 510 090 | 0 | 100% | 280 431 | 280 431 | |
| Total | 8 850 257 | 0 | 17 866 | 8 868 123 | 8 868 123 | 0 | 100% | 7 493 634 | 7 493 634 | |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 4 - Crime Intelligence | | | | | | | | | | |
|---|------------------------|-------------------|------------|---------------------|--------------------|----------|---|---------------------|--------------------|-------|
| Detail per sub-programme | | 2010/11 | | | | | 2009/10 | | | |
| | 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 |
| 4.1 Crime Intelligence Operations | | | | | | | | | | |
| Current payment | 746 196 | 0 | (11 336) | 734 860 | 734 851 | 9 | 100% | 635 618 | 635 590 | |
| Transfers and subsidies | 3 817 | 0 | 1 167 | 4 984 | 4 984 | 0 | 100% | 3 957 | 3 957 | |
| Payment for capital assets | 22 321 | 0 | (11 820) | 10 501 | 10 501 | 0 | 100% | 2 468 | 2 468 | |
| 4.2 Intelligence and Information | | | | | | | | | | |
| Management | | | | | | | | | | |
| Current payment | 1 153 139 | 0 | 17 396 | 1 170 535 | 1 170 535 | 0 | 100% | 974 845 | 974 845 | |
| Transfers and subsidies | 3 907 | 0 | 3 713 | 7 620 | 7 620 | 0 | 100% | 5 040 | 5 040 | |
| Payment for capital assets | 18 255 | 0 | 880 | 19 135 | 19 135 | 0 | 100% | 36 118 | 36 118 | |
| Total | 1 947 635 | 0 | (0) | 1 947 635 | 1 947 626 | 9 | 100% | 1 658 046 | 1 658 018 | |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Economic classification | Detail per programme 4 - Crime Intelligence | | | | | | | | | |
|-----------------------------------|---|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
| | 2010/11 | | | | | 2009/10 | | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 | |
| Current payments | | | | | | | | | | |
| Compensation of employees | 1 690 738 | 0 | (10 565) | 1 680 173 | 1 680 164 | 9 | 100% | 1 412 623 | 1 412 595 | |
| Goods and services | 208 597 | 0 | 16 625 | 225 222 | 225 222 | 0 | 100% | 197 840 | 197 840 | |
| Transfers and subsidies | | | | | | | | | | |
| Provinces and municipalities | 651 | 0 | 42 | 693 | 693 | 0 | 100% | 701 | 701 | |
| Households | 7 073 | 0 | 4 838 | 11 911 | 11 911 | 0 | 100% | 8 296 | 8 296 | |
| Payment for capital assets | | | | | | | | | | |
| Machinery and equipment | 40 576 | 0 | (10 940) | 29 636 | 29 636 | 0 | 100% | 38 586 | 38 586 | |
| Total | 1 947 635 | 0 | (0) | 1 947 635 | 1 947 626 | 9 | 100% | 1 658 046 | 1 658 018 | |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Detail per programme 5 - Protection and Security Services | | | | | | | | | |
|---|------------------------|-------------------|-----------------|---------------------|--------------------|----------|---|---------------------|--------------------|
| Detail per sub-programme | 2010/11 | | | | | 2009/10 | | | |
| | 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 |
| 5.1 VIP Protection Services | | | | | | | | | |
| Current payment | 473 449 | 0 | 10 302 | 483 751 | 483 751 | 0 | 100% | 385 083 | 385 083 |
| Transfers and subsidies | 1 248 | 0 | (448) | 800 | 800 | 0 | 100% | 1 005 | 1 005 |
| Payment for capital assets | 15 124 | 0 | (8 099) | 7 025 | 7 025 | 0 | 100% | 20 300 | 20 300 |
| 5.2 Static and Mobile Security | | | | | | | | | |
| Current payment | 656 122 | 0 | (13 711) | 642 411 | 642 411 | 0 | 100% | 558 358 | 558 358 |
| Transfers and subsidies | 2 048 | 0 | (899) | 1 149 | 1 149 | 0 | 100% | 1 639 | 1 639 |
| Payment for capital assets | 12 796 | 0 | (7 091) | 5 705 | 5 705 | 0 | 100% | 4 572 | 4 572 |
| 5.3 Port of Entry Security | | | | | | | | | |
| Current payment | 1 111 475 | 0 | 21 173 | 1 132 648 | 1 132 648 | 0 | 100% | 959 486 | 959 486 |
| Transfers and subsidies | 1 284 | 0 | 913 | 2 197 | 2 197 | 0 | 100% | 1 561 | 1 561 |
| Payment for capital assets | 31 008 | 0 | (26 250) | 4 758 | 4 758 | 0 | 100% | 9 859 | 9 859 |
| 5.4 Rail Police | | | | | | | | | |
| Current payment | 573 364 | 0 | 10 838 | 584 202 | 584 202 | 0 | 100% | 504 695 | 504 695 |
| Transfers and subsidies | 1 114 | 0 | 99 | 1 213 | 1 213 | 0 | 100% | 1 133 | 1 133 |
| Payment for capital assets | 9 075 | 0 | (7 281) | 1 794 | 1 794 | 0 | 100% | 605 | 605 |
| 5.5 Government Security Regulator | | | | | | | | | |
| Current payment | 54 444 | 0 | 2 999 | 57 443 | 57 443 | 0 | 100% | 42 632 | 42 632 |
| Transfers and subsidies | 8 | 0 | 24 | 32 | 32 | 0 | 100% | 60 | 60 |
| Payment for capital assets | 1 210 | 0 | (994) | 216 | 216 | 0 | 100% | 3 388 | 3 388 |
| 5.6 Operational Support | | | | | | | | | |
| Current payment | 215 902 | 0 | (4 812) | 211 090 | 211 090 | 0 | 100% | 193 841 | 193 841 |
| Transfers and subsidies | 436 | 0 | (174) | 262 | 262 | 0 | 100% | 215 | 215 |
| Payment for capital assets | 3 854 | 0 | (1 162) | 2 692 | 2 692 | 0 | 100% | 2 497 | 2 497 |
| Total | 3 163 961 | 0 | (24 573) | 3 139 388 | 3 139 388 | 0 | 100% | 2 690 929 | 2 690 929 |

DEPARTMENT OF POLICE
VOTE 24
APPROPRIATION STATEMENT
for the year ended 31 March 2011

| Economic classification | Detail per programme 5 - Protection and Security Services | | | | | | | | | |
|--------------------------------------|---|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
| | 2010/11 | | | | | 2009/10 | | | | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 | |
| Current payments | | | | | | | | | | |
| Compensation of employees | 2 802 746 | 0 | 62 869 | 2 865 615 | 2 865 615 | 0 | 100% | 2 403 521 | 2 403 521 | |
| Goods and services | 282 010 | 0 | (36 080) | 245 930 | 245 930 | 0 | 100% | 240 574 | 240 574 | |
| Transfers and subsidies | | | | | | | | | | |
| Provinces and municipalities | 951 | 0 | 161 | 1 112 | 1 112 | 0 | 100% | 1 106 | 1 106 | |
| Households | 5 187 | 0 | (646) | 4 541 | 4 541 | 0 | 100% | 4 507 | 4 507 | |
| Payment for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | 0 | 0 | 135 | 135 | 135 | 0 | 100% | 2 268 | 2 268 | |
| Machinery and equipment | 73 067 | 0 | (51 012) | 22 055 | 22 055 | 0 | 100% | 38 953 | 38 953 | |
| Total | 3 163 961 | 0 | (24 573) | 3 139 388 | 3 139 388 | 0 | 100% | 2 690 929 | 2 690 929 | |

DEPARTMENT OF POLICE
VOTE 24

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2011

1. **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.
2. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in **note 7** to the annual financial statements.
3. **Detail of payments for financial assets**
Detail of these transactions can be viewed in **note 6** to the annual financial statements.

DEPARTMENT OF POLICE
VOTE 24
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2011

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------|-------------------|-------------------|
| REVENUE | | | |
| Annual appropriation | 1 | 53 529 740 | 47 621 995 |
| Departmental revenue | 2 | 287 737 | 347 572 |
| Aid assistance | 3 | 7 516 | 5 127 |
| TOTAL REVENUE | | <u>53 824 993</u> | <u>47 974 694</u> |
| EXPENDITURE | | | |
| Current expenditure | | | |
| Compensation of employees | 4 | 38 415 337 | 33 739 819 |
| Goods and services | 5 | 11 318 255 | 10 644 947 |
| Aid assistance | 3 | 4 199 | 13 125 |
| Total current expenditure | | <u>49 737 791</u> | <u>44 397 891</u> |
| Transfers and subsidies | | | |
| Transfers and subsidies | 7 | 500 296 | 437 407 |
| Total Transfers and subsidies | | <u>500 296</u> | <u>437 407</u> |
| Expenditure for capital assets | | | |
| Tangible capital assets | 8 | 3 292 936 | 2 798 745 |
| Aid assistance | 3 | 351 | 1 586 |
| Total expenditure for capital assets | | <u>3 293 287</u> | <u>2 800 331</u> |
| Payments for financial assets | 6 | 2 876 | 1 049 |
| TOTAL EXPENDITURE | | <u>53 534 250</u> | <u>47 636 678</u> |
| SURPLUS FOR THE YEAR | | <u>290 743</u> | <u>338 016</u> |
| Reconciliation of Net Surplus for the year | | | |
| Voted Funds | | 40 | 28 |
| Annual appropriation | | 40 | 28 |
| Departmental revenue | 14 | 287 737 | 347 572 |
| Aid assistance | 3 | 2 966 | (9 584) |
| SURPLUS FOR THE YEAR | | <u>290 743</u> | <u>338 016</u> |

DEPARTMENT OF POLICE
VOTE 24
STATEMENT OF FINANCIAL POSITION
as at 31 March 2011

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|--|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 266 934 | 201 744 |
| Cash and cash equivalents | 9 | 11 681 | 24 666 |
| Prepayments and advances | 10 | 37 417 | 51 113 |
| Receivables | 11 | 210 697 | 118 826 |
| Aid assistance receivable | 3 | 7 139 | 7 139 |
| Non-current assets | | 99 048 | 91 708 |
| Receivables | 12 | 99 048 | 91 708 |
| TOTAL ASSETS | | <u>365 982</u> | <u>293 452</u> |
| LIABILITIES | | | |
| Current liabilities | | 230 891 | 164 723 |
| Voted funds to be surrendered to the Revenue Fund | 13 | 40 | 28 |
| Departmental revenue to be surrendered to the Revenue Fund | 14 | 6 094 | 3 660 |
| Bank overdraft | 15 | 200 832 | 142 883 |
| Payables | 16 | 13 896 | 10 093 |
| Aid assistance repayable | 3 | 3 319 | 1 038 |
| Aid assistance unutilised | 3 | 6 710 | 7 021 |
| TOTAL LIABILITIES | | <u>230 891</u> | <u>164 723</u> |
| NET ASSETS | | <u>135 091</u> | <u>128 729</u> |
| Represented by: | | | |
| Recoverable revenue | | 135 091 | 128 729 |
| TOTAL | | <u>135 091</u> | <u>128 729</u> |

DEPARTMENT OF POLICE
VOTE 24
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2011

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------|------------------|------------------|
| Recoverable revenue | | | |
| Opening balance | | 128 729 | 115 862 |
| Transfers: | | 6 362 | 12 867 |
| Irrecoverable amounts written off | 6,5 | (11 707) | 4 750) |
| Debts revised | 11,5 | (19 878) | (18 963) |
| Debts recovered (included in departmental receipts) | | (105 674) | (122 331) |
| Debts raised | | 143 621 | 158 911 |
| Closing balance | | <u>135 091</u> | <u>128 729</u> |

DEPARTMENT OF POLICE
VOTE 24
CASH FLOW STATEMENT
for the year ended 31 March 2011

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|--|---------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts: | | 53 823 852 | 47 969 815 |
| Annual appropriated funds received | 1,1 | 53 529 740 | 47 621 995 |
| Departmental revenue received | 2 | 286 596 | 342 693 |
| Aid assistance received | 3 | 7 516 | 5 127 |
| Net increase/(decrease) in working capital | | (81 712) | (24 558) |
| Surrendered to Revenue Fund | 13 & 14 | (285 331) | (354 165) |
| Surrendered to the RDP Fund | | (996) | 0 |
| Current payments | | (49 737 791) | (44 397 891) |
| Transfers and subsidies paid | | (500 296) | (437 407) |
| Payments for financial assets | | (2 876) | (1 049) |
| Net cash flow available from operating activities | 17 | 3 214 850 | 2 754 745 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for capital assets | 3.2 & 8 | (3 293 287) | (2 800 331) |
| Proceeds from sale of capital assets | 2 | 1 141 | 4 879 |
| Net cash flows from investing activities | | (3 292 146) | (2 795 452) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase/(Decrease) in net assets | | 6 362 | 12 867 |
| Net cash flows from financing activities | | 6 362 | 12 867 |
| Net increase/(decrease) in cash and cash equivalents | | (70 934) | (27 840) |
| Cash and cash equivalents at beginning of period | | (118 217) | (90 377) |
| Cash and cash equivalents at end of period | 18 | (189 151) | (118 217) |

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

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

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period 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 (e.i. statutory appropriation)

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

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

Total appropriated funds received during the year are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/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 National/Provincial Revenue Fund, unless stated otherwise.

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

No accrual is made for the amount receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Direct Exchequer receipts / payments

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and subsequently paid into the National/Provincial Revenue Fund, unless otherwise stated.

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

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Aid assistance

Aids assistance is recognised as revenue when received

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

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

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year)

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

The cost of short-term employee benefits are expensed 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-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts 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

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 National Revenue Funds and not in the financial statements of the employer department.

Social contribution (such as medical benefits) made by the department for certain of its ex-employees are classified as transfers to households in the statement of financial performance.

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).

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

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 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes the rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

When 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.

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

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.

3.7 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.

3.8 Irregular expenditure

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

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

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

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

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

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

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. 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

4.6.1 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.

4.6.2 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.

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

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

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

DEPARTMENT OF POLICE
VOTE 24
ACCOUNTING POLICIES
for the year ended 31 March 2011

Operating lease

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

5.8 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

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

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

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

9. Key management personnel

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

10. Public private partnerships

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

DEPARTMENT OF POLICE
VOTE 24
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

1. Annual Appropriation

| 1.1 Annual Appropriation | 2010/11 | | | 2009/10 |
|----------------------------------|---------------------|-----------------------|-----------------------------------|------------------------|
| | Final Appropriation | Actual Funds Received | Funds not requested/ not received | Appropriation Received |
| | R'000 | R'000 | R'000 | R'000 |
| Administration | 17 871 967 | 17 871 967 | 0 | 16 009 520 |
| Visible Policing | 21 702 627 | 21 702 627 | 0 | 19 769 866 |
| Detective Services | 8 868 123 | 8 868 123 | 0 | 7 493 634 |
| Crime Intelligence | 1 947 635 | 1 947 635 | 0 | 1 658 046 |
| Protection and Security Services | 3 139 388 | 3 139 388 | 0 | 2 690 929 |
| Total | 53 529 740 | 53 529 740 | 0 | 47 621 995 |

2. Departmental revenue

| | Note | 2010/11 | 2009/10 |
|--|----------|----------------|----------------|
| | | R'000 | R'000 |
| Tax revenue | | | |
| Sales of goods and services other than capital assets | 2,1 | 133 630 | 168 869 |
| Fines, penalties and forfeits | 2,2 | 12 276 | 10 043 |
| Interest, dividends and rent on land | 2,3 | 1 116 | 1 365 |
| Sales of capital assets | 2,4 | 1 141 | 4 879 |
| Financial transactions in assets and liabilities | 2,5 | 139 574 | 162 416 |
| Departmental revenue collected | | 287 737 | 347 572 |
| 2.1 Sales of goods and services other than capital assets | 2 | | |
| Sales of goods and services produced by the department | | 123 816 | 147 654 |
| Administrative fees | | 16 321 | 42 969 |
| Other sales | | 107 495 | 104 685 |
| Sales of scrap, waste and other used current goods | | 9 814 | 21 215 |
| Total | | 133 630 | 168 869 |
| 2.2 Fines, penalties and forfeits | 2 | | |
| Fines | | 873 | 817 |
| Forfeits | | 11 403 | 9 226 |
| Total | | 12 276 | 10 043 |
| 2.3 Interest, dividends and rent on land | 2 | | |
| Interest | | 1 116 | 1 365 |
| Total | | 1 116 | 1 365 |

DEPARTMENT OF POLICE
VOTE 24
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

Detail note 2 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------------|------------------|------------------|
| 2.4 Sales of capital assets | 2 | | |
| Tangible capital assets | | 1 141 | 4 879 |
| Machinery and equipment | 29,2 | 1 135 | 4 875 |
| Biological assets | 29,2 | 6 | 4 |
| Total | | <u>1 141</u> | <u>4 879</u> |
| 2.5 Financial transactions in assets and liabilities | 2 | | |
| Stale cheques written back | | 11 513 | 1 820 |
| Other receipts including recoverable revenue | | 128 061 | 160 596 |
| Total | | <u>139 574</u> | <u>162 416</u> |
| 3. Aid assistance | | | |
| 3.1 Assistance received in cash from RDP | | | |
| Foreign | | | |
| Opening Balance | | (6 101) | 643 |
| Revenue | | 7 516 | 1 427 |
| Expenditure | | 4 239 | 8 171 |
| Current | | 3 888 | 8 171 |
| Capital | | 351 | 0 |
| Surrender to the RDP | | 996 | 0 |
| Closing Balance | | <u>(3 820)</u> | <u>(6 101)</u> |
| 3.2 Aid assistance received in cash from CARA Fund | | | |
| Opening Balance | | 7 021 | 9 861 |
| Revenue | | 0 | 3 700 |
| Expenditure | | 311 | 6 540 |
| Current | | 311 | 4 954 |
| Capital | 30 | 0 | 1 586 |
| Closing Balance | | <u>6 710</u> | <u>7 021</u> |
| 3.3 Total | | | |
| Opening Balance | | 920 | 10 504 |
| Revenue | | 7 516 | 5 127 |
| Expenditure | | 4 550 | 14 711 |
| Current | | 4 199 | 13 125 |
| Capital | | 351 | 1 586 |
| Surrender to the RDP | | 996 | 0 |
| Closing Balance | ANNEXURE 4 | <u>2 890</u> | <u>920</u> |

DEPARTMENT OF POLICE
VOTE 24
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

Detail note 3 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|----------------------------|------|------------------|------------------|
| Analysis of balance | | | |
| Aid assistance receivable | | 7 139 | 7 139 |
| RDP | | 7 139 | 7 139 |
| Aid assistance unutilised | | 6 710 | 7 021 |
| CARA Fund | | 6 710 | 7 021 |
| Aid assistance repayable | | 3 319 | 1 038 |
| RDP | | 3 319 | 1 038 |
| Closing balance | | 2 890 | 920 |

4. Compensation of employees

4.1 Salaries and wages

| | | |
|----------------------------------|-------------------|-------------------|
| Basic salary | 24 543 527 | 21 592 754 |
| Performance award | 9 823 | 191 210 |
| Service Based | 53 127 | 39 548 |
| Compensative/circumstantial | 989 601 | 664 523 |
| Other non-pensionable allowances | 4 628 812 | 3 826 877 |
| Total | 30 224 890 | 26 314 912 |

4.2 Social contributions

Employer contributions

| | | |
|----------------------------------|------------------|------------------|
| Pension | 3 958 319 | 3 533 455 |
| Medical | 4 225 762 | 3 886 104 |
| UIF | 1 044 | 249 |
| Official unions and associations | 5 322 | 5 099 |
| Total | 8 190 447 | 7 424 907 |

Total compensation of employees

| | | |
|--|-------------------|-------------------|
| Total compensation of employees | 38 415 337 | 33 739 819 |
| Average number of employees | 190 887 | 185 668 |

5. Goods and services

| | | | |
|---|-----|-----------|-----------|
| Administrative fees | | 41 101 | 39 563 |
| Advertising | | 24 145 | 21 417 |
| Assets less than R5,000 | 5,1 | 388 234 | 375 501 |
| Bursaries (employees) | | 3 103 | 2 739 |
| Catering | | 22 811 | 23 622 |
| Communication | | 702 589 | 686 323 |
| Computer services | 5,2 | 2 050 655 | 1 986 886 |
| Consultants, contractors and agency/outsourced services | 5,3 | 1 377 667 | 1 440 475 |
| Entertainment | | 1 759 | 3 840 |
| Audit cost - external | 5,4 | 28 439 | 23 497 |

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Detail note 5 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|--|----------|-------------------|-------------------|
| Inventory | 5,5 | 2 715 971 | 2 550 079 |
| Operating leases | | 1 704 523 | 1 503 186 |
| Owned and leasehold property expenditure | 5,6 | 947 307 | 807 291 |
| Transport provided as part of the departmental activities | | 1 856 | 863 |
| Travel and subsistence | 5,7 | 802 743 | 703 538 |
| Venues and facilities | | 20 890 | 20 673 |
| Training and staff development | | 41 011 | 37 914 |
| Other operating expenditure | 5,8 | 443 451 | 417 540 |
| Total | | 11 318 255 | 10 644 947 |
| 5.1 Assets less than R5,000 | 5 | | |
| Tangible assets | | 308 229 | 283 528 |
| Buildings and other fixed structures | | 40 | 105 |
| Biological assets | | 3 | 53 |
| Machinery and equipment | | 308 186 | 283 370 |
| Intangible | | 80 005 | 91 973 |
| Computer software | | 80 005 | 91 973 |
| Total | | 388 234 | 375 501 |
| 5.2 Computer services | 5 | | |
| SITA computer services | | 1 487 556 | 1 562 458 |
| External computer service providers | | 563 099 | 424 428 |
| Total | | 2 050 655 | 1 986 886 |
| 5.3 Consultants, contractors and agency/outsourced services | 5 | | |
| Business and advisory services | | 16 848 | 12 433 |
| Infrastructure and planning | | 883 | 5 342 |
| Laboratory services | | 970 | 137 |
| Legal costs | | 109 400 | 89 595 |
| Contractors | | 819 466 | 816 569 |
| Agency and support/outsourced services | | 430 100 | 516 399 |
| Total | | 1 377 667 | 1 440 475 |
| 5.4 External audit fees | 5 | | |
| Regularity audits | | 26 330 | 22 728 |
| Performance audits | | 1 119 | 434 |
| Other audits | | 990 | 335 |
| Total | | 28 439 | 23 497 |

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Detail note 5 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------|------------------|------------------|
| 5.5 Inventory | | | |
| Learning and teaching support material | 5 | 940 | 1 811 |
| Food and food supplies | | 2 093 | 1 568 |
| Fuel, oil and gas | | 1 639 076 | 1 537 384 |
| Other consumable materials | | 231 499 | 171 632 |
| Maintenance material | | 477 280 | 465 795 |
| Stationery and printing | | 279 819 | 293 877 |
| Medical supplies | | 2 221 | 2 901 |
| Medicine | | 2 838 | 9 305 |
| Military stores | | 80 205 | 65 806 |
| Total | | 2 715 971 | 2 550 079 |
| 5.6 Owned and leasehold property expenditure | 5 | | |
| Municipal services | | 527 126 | 455 829 |
| Property management fees | | 26 318 | 23 190 |
| Cleaning services | | 182 753 | 157 053 |
| Safeguarding and security | | 199 939 | 160 932 |
| Other | | 11 171 | 10 287 |
| Total | | 947 307 | 807 291 |
| 5.7 Travel and subsistence | 5 | | |
| Local | | 731 806 | 636 322 |
| Foreign | | 70 937 | 67 216 |
| Total | | 802 743 | 703 538 |
| 5.8 Other operating expenditure | 5 | | |
| Leaverships | | 132 | 0 |
| Professional bodies, membership and subscription fees | | 3 248 | 1 814 |
| Resettlement costs | | 49 481 | 58 890 |
| Protective clothing and uniform | | 266 273 | 243 043 |
| Towing cost | | 42 211 | 36 803 |
| Informer fees | | 35 396 | 39 212 |
| Printing and publications | | 12 500 | 8 070 |
| Other | | 34 210 | 29 708 |
| Total | | 443 451 | 417 540 |

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| 6. Payments for financial assets | | Note | 2010/11 | 2009/10 |
|--|--|-------------|----------------|----------------|
| | | | R'000 | R'000 |
| Material losses through criminal conduct | | | 103 | 72 |
| | Theft | 6,4 | 8 | 3 |
| | Other material losses | 6,1 | 95 | 69 |
| Other material losses written off | | 6,2 | 92 | 46 |
| Debts written off | | 6,3 | 2 681 | 931 |
| Total | | | <u>2 876</u> | <u>1 049</u> |
| 6.1 Other material losses | | 6 | | |
| Nature of other material losses | | | | |
| Incident | Disciplinary steps taken/criminal proceedings | | | |
| Lost cash: Advance | | | 8 | 0 |
| Lost cash: Police actions | None | | 87 | 57 |
| Incorrect payments | | | 0 | 12 |
| Total | | | <u>95</u> | <u>69</u> |
| 6.2 Other material losses written off | | 6 | | |
| Nature of losses | | | | |
| Lost cash: Advance | | | 2 | 0 |
| Lost cash: Police actions | | | 79 | 2 |
| Incorrect payments | | | 11 | 26 |
| Dishonored cheques | | | 0 | 18 |
| Total | | | <u>92</u> | <u>46</u> |
| 6.3 Debts written off | | | | |
| Nature of debts written off | | | | |
| Salaries | | 6 | 2 577 | 836 |
| State guarantees | | | 60 | 33 |
| Tax debt | | | 14 | 18 |
| Other State Departments | | | 2 | 0 |
| Vehicle accidents | | | 28 | 44 |
| Total | | | <u>2 681</u> | <u>931</u> |
| 6.4 Details of theft | | 6 | | |
| Lost cash | | | 8 | 3 |
| Total | | | <u>8</u> | <u>3</u> |

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Detail note 6 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|-------------|------------------|------------------|
| 6.5 Recoverable revenue written off | | | |
| Salary related debt | | (9 036) | (2 447) |
| Property related debt | | (2 624) | (2 209) |
| Admin related debt | | (47) | (94) |
| Total | | <u>(11 707)</u> | <u>(4 750)</u> |
| 6.6 Assets written off | | | |
| Nature of write-off | 29.2 & 30.2 | | |
| Transport assets | | 463 342 | 647 787 |
| Computer equipment | | 24 520 | 27 974 |
| Furniture and Office equipment | | 2 120 | 848 |
| Other machinery and equipment | | 51 121 | 25 771 |
| Biological assets | | 674 | 1 284 |
| Immovable assets | | 773 | 1 025 |
| Total | | <u>542 550</u> | <u>704 689</u> |
| 7. Transfers and subsidies | | | |
| Provinces and municipalities | 7,1 | 25 712 | 25 195 |
| Departmental agencies and accounts | 7,2 | 23 861 | 20 818 |
| Households | 7,3 | 450 723 | 391 394 |
| Total | | <u>500 296</u> | <u>437 407</u> |
| 7.1 Provinces and municipalities | 7 | | |
| Fines and penalties | | 145 | 402 |
| Vehicle licences | | 25 567 | 24 793 |
| Total | | <u>25 712</u> | <u>25 195</u> |
| 7.2 Departmental agencies and accounts | 7 | | |
| Safety and Security Sector Education & Training Authority | | 23 861 | 20 818 |
| Total | | <u>23 861</u> | <u>20 818</u> |
| 7,3 Households | 7 | | |
| Employer social benefit | | 292 355 | 266 158 |
| Claims against the State (Households) | | 123 293 | 87 331 |
| Payment as an act of grace | | 121 | 93 |
| Medical expenses detainees | | 34 954 | 37 812 |
| Total | | <u>450 723</u> | <u>391 394</u> |

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8. Expenditure for capital assets

| | Note | 2010/11 | 2009/10 |
|--------------------------------------|------|------------------|------------------|
| | | R'000 | R'000 |
| Tangible assets | | | |
| Buildings and other fixed structures | 30 | 1 182 141 | 1 071 712 |
| Machinery and equipment | 29,1 | 2 110 241 | 1 726 766 |
| Biological assets | 29,1 | 905 | 1 853 |
| Total | | <u>3 293 287</u> | <u>2 800 331</u> |

8.1 Analysis of funds utilised to acquire capital assets - 2010/11

| | Voted Funds | Aid assistance | Total |
|--------------------------------------|------------------|----------------|------------------|
| | R'000 | R'000 | R'000 |
| Tangible assets | 3 292 936 | 351 | 3 293 287 |
| Buildings and other fixed structures | 1 182 141 | 0 | 1 182 141 |
| Machinery and equipment | 2 109 890 | 351 | 2 110 241 |
| Biological assets | 905 | 0 | 905 |
| Total | <u>3 292 936</u> | <u>351</u> | <u>3 293 287</u> |

8.2 Analysis of funds utilised to acquire capital assets - 2009/10

| | | | |
|--------------------------------------|------------------|--------------|------------------|
| Tangible assets | 2 798 745 | 1 586 | 2 800 331 |
| Buildings and other fixed structures | 1 070 126 | 1 586 | 1 071 712 |
| Machinery and equipment | 1 726 766 | - | 1 726 766 |
| Biological assets | 1 853 | - | 1 853 |
| Total | <u>2 798 745</u> | <u>1 586</u> | <u>2 800 331</u> |

9. Cash and cash equivalents

| | Note | 2010/11 | 2009/10 |
|------------------------------------|------|---------------|---------------|
| | | R'000 | R'000 |
| Cash on hand | | 11 179 | 23 661 |
| Cash with commercial banks (Local) | | 502 | 1 005 |
| Total | | <u>11 681</u> | <u>24 666</u> |

10. Prepayments and advances

| Description | | |
|---------------------------------|---------------|---------------|
| Staff advances | 4 468 | 3 051 |
| Travel and subsistence | 31 534 | 46 996 |
| Prepayments | 1 405 | 1 056 |
| Advances paid to other entities | 10 | 10 |
| Total | <u>37 417</u> | <u>51 113</u> |

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11. Receivables - current

| | | 2010/2011 | | | 2009/10 | |
|---------------------|------------|--------------------|--------------------|------------------------|----------------|----------------|
| | | R'000 | R'000 | R'000 | R'000 | |
| | | Less than one year | One to three years | Older than three years | Total | |
| Claims recoverable | 11.1 | 91 562 | 10 315 | 16 037 | 117 914 | 31 922 |
| | ANNEXURE 2 | | | | | |
| Staff debtors | 11.2 | 50 540 | 11 792 | 14 479 | 76 811 | 74 816 |
| Private enterprises | 11.3 | 1 | 0 | 0 | 1 | 17 |
| Other debtors | 11.4 | 10 974 | 638 | 4 359 | 15 971 | 12 071 |
| Total | | 153 077 | 22 745 | 34 875 | 210 697 | 118 826 |

| | | Note | 2010/11 | 2009/10 |
|------|---------------------------------|------|-----------------|-----------------|
| | | | R'000 | R'000 |
| 11.1 | Claims recoverable | | | |
| | National departments | 11 | 103 989 | 19 791 |
| | Provincial departments | | 12 630 | 11 801 |
| | Private enterprises | | 1 295 | 330 |
| | Total | | 117 914 | 31 922 |
| 11.2 | Staff debtors | | | |
| | Salary related debt | 11 | 62 570 | 61 465 |
| | Administration related debt | | 6 390 | 6 698 |
| | Inventory/property related debt | | 7 851 | 6 653 |
| | Total | | 76 811 | 74 816 |
| 11.3 | Private enterprises | 11 | | |
| | Dishonoured cheques | | 1 | 17 |
| | Total | | 1 | 17 |
| 11.4 | Other debtors | | | |
| | Administration related debt | 11 | 15 971 | 12 071 |
| | Total | | 15 971 | 12 071 |
| 11.5 | Debts revised | | | |
| | Capital increase | | 12 339 | 3 772 |
| | Capital decrease | | (32 119) | (22 660) |
| | Interest correction | | (98) | (75) |
| | Total | | (19 878) | (18 963) |

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| 12. Receivables - non-current | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------|------------------|------------------|
| Staff debtors | | 99 048 | 91 708 |
| Total | | <u>99 048</u> | <u>91 708</u> |
| 13. Voted funds to be surrendered to the Revenue Fund | | | |
| Opening balance | | 28 | 0 |
| Transfer from Statement of Financial Performance | | 40 | 28 |
| Paid during the year | | (28) | 0 |
| Closing balance | | <u>40</u> | <u>28</u> |
| 14. Departmental revenue to be surrendered to the Revenue fund | | | |
| Opening balance | | 3 660 | 10 253 |
| Transfer from Statement of Financial Performance | | 287 737 | 347 572 |
| Paid during the year | | (285 303) | (354 165) |
| Closing balance | | <u>6 094</u> | <u>3 660</u> |
| 15. Bank overdraft | | | |
| Paymaster General Account | | 200 832 | 142 883 |
| Total | | <u>200 832</u> | <u>142 883</u> |
| 16. Payables – current | | | |
| Description | | | |
| Clearing accounts | 16,1 | 8 681 | 9 717 |
| Other payables | 16,2 | 5 215 | 376 |
| Total | | <u>13 896</u> | <u>10 093</u> |
| 16.1 Clearing accounts | | | |
| Description | | | |
| Amounts recovered to be cleared | 16 | 8 681 | 9 717 |
| Total | | <u>8 681</u> | <u>9 717</u> |
| 16.2 Other payables | | | |
| Description | | | |
| Salary deductions to be paid over to institutions | 16 | 5 215 | 376 |
| Total | | <u>5 215</u> | <u>376</u> |

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17. Net cash flow available from operating activities

| Note | 2010/11 R'000 | 2009/10 R'000 |
|--|------------------|------------------|
| Net surplus as per Statement of Financial Performance | 290 743 | 338 016 |
| Add back non cash/cash movements not deemed operating activities | 2 924 107 | 2 416 729 |
| (Increase) in receivables – current | (99 211) | (15 098) |
| Decrease in prepayments and advances | 13 696 | (6 625) |
| Decrease in payables – current | 3 803 | (2 835) |
| Proceeds from sale of capital assets | (1 141) | (4 879) |
| Surrenders to revenue fund | (285 331) | (354 165) |
| Surrenders to RDP Fund/Donor | (996) | (0) |
| Expenditure on capital assets | 3 293 287 | 2 800 331 |
| Net cash flow generated by operating activities | 3 214 850 | 2 754 745 |

18. Reconciliation of cash and cash equivalents for cash flow purposes

| | | |
|--|------------------|------------------|
| Consolidated Paymaster General Account | (200 832) | (142 883) |
| Cash on hand | 11 179 | 23 661 |
| Cash with commercial banks | 502 | 1 005 |
| Total | (189 151) | (118 217) |

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

19. Contingent liabilities

| | | Note | 2010/11 | 2009/10 |
|--|-----------------|------------|-------------------|-------------------|
| | | | R'000 | R'000 |
| Liable to | Nature | | | |
| Motor vehicle guarantees | Employees | ANNEXURE 1 | 0 | 146 |
| Housing loan guarantees | Employees | ANNEXURE 1 | 42 568 | 71 804 |
| Claims | Private parties | ANNEXURE 5 | 11 044 698 | 7 486 819 |
| Other departments (unconfirmed balances) | | ANNEXURE 3 | 35 704 | 11 521 |
| Capped leave commitments | Employees | | 4 881 526 | 4 713 642 |
| Other: Sanlam Middestad | Lease | | 611 692 | 0 |
| Total | | | 16 616 188 | 12 283 932 |

Due to the fact that the Department of Public Works has taken a decision to apply for a declaratory order in the Sanlam Middestad Lease Agreement for the Court to make a ruling on the legality or otherwise of the lease agreement, it was decided to include it as a contingent liability.

20. Commitments

| | | Note | 2010/11 | 2009/10 |
|--|--|------|------------------|----------------|
| | | | R'000 | R'000 |
| Current expenditure | | | | |
| Approved and contracted | | | 723 589 | 604 061 |
| | | | <u>723 589</u> | <u>604 061</u> |
| Capital expenditure (including transfers) | | | | |
| Approved and contracted | | | 473 614 | 174 449 |
| | | | <u>473 614</u> | <u>174 449</u> |
| Total Commitments | | | 1 197 203 | 778 510 |

21. Accruals

| Listed by economic classification | 30 Days | 30+ Days | Total | Total |
|-----------------------------------|----------------|----------------|------------------|------------------|
| Goods and services | 651 256 | 175 419 | 826 675 | 714 160 |
| Transfers and subsidies | 21 900 | 7 795 | 29 695 | 36 370 |
| Capital assets | 156 997 | 19 734 | 176 731 | 336 364 |
| Total | 830 153 | 202 948 | 1 033 101 | 1 086 894 |

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Detail note 21 continued...

| | Note | 2010/11 R'000 | 2009/10 R'000 |
|---|------------|------------------|------------------|
| Listed by programme level | | | |
| Administration | | 428 901 | 614 424 |
| Visible Policing | | 429 786 | 328 257 |
| Detective Services | | 127 857 | 104 936 |
| Crime Intelligence | | 28 290 | 25 127 |
| Protection and Security Services | | 18 170 | 14 118 |
| Donor funds | | 97 | 32 |
| Total | | 1 033 101 | 1 086 894 |
| Confirmed balances with other departments | ANNEXURE 3 | 7 170 | 0 |
| Total | | 7 170 | 0 |

22. Employee benefits

| | | |
|--------------------------|------------------|------------------|
| Leave entitlement | 1 572 624 | 1 356 817 |
| Thirteenth cheque | 2 | 11 |
| Capped leave commitments | 23 554 | 24 639 |
| Other | 200 | 1 040 |
| Total | 1 596 380 | 1 382 507 |

Although capped leave in its entirety, should be provided for under this note, the amount and circumstances under which payments were made historically, it was necessary to account for only a percentage of capped leave as employee benefits and the remainder as contingent liability.

23 Lease Commitments

23.1 Operating leases expenditure

| | Land R'000 | Buildings & other fixed structures R'000 | Machinery and equipment R'000 | Total R'000 |
|--|---------------|---|--|------------------|
| 2010/2011 | | | | |
| Not later than 1 year | 4 535 | 643 126 | 33 762 | 681 423 |
| Later than 1 year and not later than 5 years | 5 707 | 1 212 672 | 29 008 | 1 247 387 |
| Later than five years | 2 351 | 659 843 | 0 | 662 194 |
| Total lease commitments | 12 593 | 2 515 641 | 62 770 | 2 591 004 |
| 2009/2010 | | | | |
| Not later than 1 year | 3 702 | 594 348 | 25 598 | 623 648 |
| Later than 1 year and not later than 5 years | 6 755 | 1 137 349 | 22 780 | 1 166 884 |
| Later than five years | 2 009 | 598 090 | 0 | 600 099 |
| Total lease commitments | 12 466 | 2 329 787 | 48 378 | 2 390 631 |

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Detail note 23 continued...

23.2 **Finance leases expenditure**

| | Land | Buildings & other fixed structures | Machinery and equipment | Total |
|--|-------|------------------------------------|-------------------------|--------|
| 2010/2011 | R'000 | R'000 | R'000 | R'000 |
| Not later than 1 year | 0 | 0 | 40 753 | 40 753 |
| Later than 1 year and not later than 5 years | 0 | 0 | 13 556 | 13 556 |
| Total lease commitments | 0 | 0 | 54 309 | 54 309 |

24. **Receivables for departmental revenue**

| | 2010/11 | 2009/10 |
|---|--------------|--------------|
| | R'000 | R'000 |
| Sales of goods and services other than capital assets | 333 | 632 |
| Fines, penalties and forfeits | 68 | 8 |
| Interest, dividends and rent on land | 67 | 66 |
| Financial transactions in assets and liabilities | 1 379 | 2 116 |
| Total | 1 847 | 2 822 |

24.1 **Analysis of receivables for departmental revenue**

| | | |
|-------------------------|--------------|--------------|
| Opening balance | 2 822 | 5 799 |
| Less: Amounts received | 2 822 | 5 799 |
| Add: Amounts recognised | 1 847 | 2 822 |
| Closing balance | 1 847 | 2 822 |

25. **Irregular expenditure**

25.1 **Reconciliation of irregular expenditure**

| | | |
|---|--------------|--------------|
| Opening Balance | 1 258 | 994 |
| Add: Irregular expenditure - relating to prior year | 21 377 | 876 |
| Add: Irregular expenditure - relating to current year | 76 152 | 2 523 |
| Less: Amounts condoned | (91 911) | (3 135) |
| Irregular expenditure awaiting condonation | 6 876 | 1 258 |

Analysis of awaiting condonation per age classification

| | | |
|--------------|--------------|--------------|
| Current year | 5 618 | 264 |
| Prior years | 1 258 | 994 |
| Total | 6 876 | 1 258 |

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Detail note 25 continued...

25.2 **Details of irregular expenditure - current year**

| Incident | Disciplinary steps taken/ criminal proceedings | | 2010/11 R'000 |
|------------------------------------|---|-----------------|------------------|
| | Cases | Amount R'000 | |
| Advertising | 2 | 3 461 | 3 461 |
| Inventory | 2 | 3 469 | 3 469 |
| Transport | 2 | 12 629 | 12 629 |
| Contractors : Artists & Performers | 6 | 11 950 | 11 950 |
| Training | 2 | 43 | 43 |
| Security Services | 0 | 0 | 90 |
| Accommodation & Meals | 11 | 45 209 | 45 209 |
| Repairs | 4 | 321 | 387 |
| Catering | 3 | 9 272 | 9 312 |
| Day to Day Maintenance | 2 | 58 | 63 |
| Cleaning Services | 1 | 157 | 195 |
| Computer Software | 1 | 11 | 11 |
| Furniture | 0 | 0 | 644 |
| Towing Cost | 0 | 0 | 1 |
| Stationery | 0 | 0 | 17 |
| Communication | 3 | 3 769 | 3 769 |
| Renovation (Buildings) | 4 | 554 | 6 270 |
| Funeral Costs | 0 | 0 | 5 |
| Total | 43 | 90 903 | 97 529 |

25.3 **Details of irregular expenditure condoned**

| Incident | Condoned by (condoning authority) | 2010/11 R'000 |
|------------------------------------|-----------------------------------|------------------|
| Advertising | Accounting Officer/BAC | 3 461 |
| Inventory | Accounting Officer/BAC | 3 469 |
| Transport | Accounting Officer/BAC | 12 629 |
| Contractors : Artists & Performers | Accounting Officer/BAC | 11 950 |
| Training | Accounting Officer/BAC | 43 |
| Security Services | Accounting Officer/BAC | 90 |
| Accommodation & Meals | Accounting Officer/BAC | 45 213 |
| Repairs | Accounting Officer/BAC | 387 |
| Catering | Accounting Officer/BAC | 9 312 |
| Day to Day Maintenance | Accounting Officer/BAC | 63 |
| Cleaning Services | Accounting Officer/BAC | 195 |
| Computer Software | Accounting Officer/BAC | 11 |
| Furniture | Accounting Officer/BAC | 644 |
| Towing Cost | Accounting Officer/BAC | 1 |
| Stationery | Accounting Officer/BAC | 17 |

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Detail note 25.3 continued...

| | | 2010/11 |
|-------------------------|------------------------|---------------|
| | | R'000 |
| Communication | Accounting Officer/BAC | 3 769 |
| Renovation (Buildings) | Accounting Officer/BAC | 652 |
| Funeral Costs | Accounting Officer/BAC | 5 |
| Total | | <u>91 911</u> |

25.4 **Details of irregular expenditure under investigation**

| | | 2010/11 |
|------------------------------------|--|--------------|
| | | R'000 |
| Incident | | |
| Contractors : Artists & Performers | | 17 |
| Training | | 70 |
| Security Services | | 369 |
| Accommodation & Meals | | 15 |
| Repairs | | 31 |
| Catering | | 3 |
| Interpreter | | 5 |
| Day to Day Maintenance | | 176 |
| Cleaning Services | | 103 |
| Social Functions | | 157 |
| Communication | | 312 |
| Renovation (Buildings) | | 5 618 |
| Total | | <u>6 876</u> |

26. **Fruitless and wasteful expenditure**

26.1 **Reconciliation of fruitless and wasteful expenditure**

| | 2010/11 | 2009/10 |
|--|--------------|--------------|
| | R'000 | R'000 |
| Opening balance | 2 387 | 2 721 |
| Adjustment to opening balance | 0 | (686) |
| Fruitless and wasteful expenditure – relating to prior year | 693 | 480 |
| Fruitless and wasteful expenditure – relating to current year | 771 | 647 |
| Less: Amounts condoned | (1 026) | (715) |
| Less: Amounts transferred to receivables for recovery | (68) | (60) |
| Fruitless and wasteful expenditure awaiting condonation | <u>2 757</u> | <u>2 387</u> |

Analysis of awaiting condonation per economic classification

| | | |
|--------------|--------------|--------------|
| Current | <u>2 757</u> | <u>2 387</u> |
| Total | <u>2 757</u> | <u>2 387</u> |

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Detail note 26 continued...

| 26.2 Analysis of Current Year's Fruitless and wasteful expenditure | | 2010/11 |
|--|--------------------------|--------------|
| Incident | Disciplinary steps taken | R'000 |
| License fees | No | 216 |
| Accommodation | No | 324 |
| Air/bus tickets | No | 206 |
| Dormant fuel cards | No | 177 |
| Training | No | 117 |
| Interest | No | 15 |
| Incorrect payments | No | 225 |
| Other eg. Meals and cellphone accounts | No | 184 |
| Total | | 1 464 |

27. Key management personnel

The aggregate compensation of the senior management of the department is as follows:

| Description | No of Individuals | 2010/11 | 2009/10 |
|--------------------------------|-------------------|---------------|---------------|
| | | R'000 | R'000 |
| Political Office Bearers | 3 | 3 397 | 3 161 |
| Officials: | | | |
| Level 15 to 16 (including CFO) | 46 | 52 628 | 33 832 |
| Total | | 56 025 | 36 993 |

28. Impairment and other provisions

| Impairment | 2010/11 | 2009/10 |
|---------------|--------------|--------------|
| Staff debtors | 1 459 | 1 965 |
| Other debtors | 133 | 143 |
| Total | 1 592 | 2 108 |

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29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

| | Opening balance | Current Year Adjustments to prior year balances | Additions | Disposals | Closing balance |
|--|--------------------|--|-----------|-----------|--------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 10 951 841 | 2 178 | 1 774 754 | 541 186 | 12 187 587 |
| Transport assets | 7 662 581 | 318 | 1 432 097 | 463 308 | 8 631 688 |
| Computer equipment | 1 269 014 | 338 | 145 662 | 24 431 | 1 390 583 |
| Furniture and Office equipment | 101 105 | 18 | 22 473 | 2 136 | 121 460 |
| Other machinery and equipment | 1 919 141 | 1 504 | 174 522 | 51 311 | 2 043 856 |
| BIOLOGICAL ASSETS | 11 360 | 0 | 5 742 | 674 | 16 428 |
| Biological assets | 11 360 | 0 | 5 742 | 674 | 16 428 |
| TOTAL MOVABLE TANGIBLE CAPITAL ASSETS | 10 963 201 | 2 178 | 1 780 496 | 541 860 | 12 204 015 |

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Detail note 29 continued...

29.1 **ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSET PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

| | Cash | Non-Cash | Received: Paid and not yet captured in asset register | (Capital work in progress - current costs) | Received current year, not paid (Paid current year, received prior year) | Total |
|---|-----------|----------|--|--|---|-----------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 2 110 241 | 101 417 | (519 287) | 0 | 82 383 | 1 774 754 |
| Transport assets | 1 256 488 | 36 035 | 51 003 | 0 | 88 571 | 1 432 097 |
| Computer equipment | 348 185 | 9 555 | (198 473) | 0 | (13 605) | 145 662 |
| Furniture and Office equipment | 26 736 | 388 | (4 573) | 0 | (78) | 22 473 |
| Other machinery and equipment | 478 832 | 55 439 | (367 244) | 0 | 7 495 | 174 522 |
| BIOLOGICAL ASSETS | 905 | 4 855 | (18) | 0 | 0 | 5 742 |
| Biological assets | 905 | 4 855 | (18) | 0 | 0 | 5 742 |
| TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS | 2 111 146 | 106 272 | (519 305) | 0 | 82 383 | 1 780 496 |

29.2 **DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

| | Sold (cash) | Transfer out or destroyed or scrapped | Total | Cash Received |
|--|-------------|---|---------|---------------|
| | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 0 | 541 186 | 541 186 | 1 135 |
| Transport assets | 0 | 463 308 | 463 308 | 1 135 |
| Computer equipment | 0 | 24 431 | 24 431 | 0 |
| Furniture and Office equipment | 0 | 2 136 | 2 136 | 0 |
| Other machinery and equipment | 0 | 51 311 | 51 311 | |
| BIOLOGICAL ASSETS | 6 | 668 | 674 | 6 |
| Biological assets | 6 | 668 | 674 | 6 |
| TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS | 6 | 541 854 | 541 860 | 1 141 |

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Detail note 29 continued...

29.3 **MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010**

| | Opening balance | Current Year Adjustments to prior year balances | Additions | Disposals | Closing Balance |
|--|-----------------|---|-----------|-----------|-----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 10 092 757 | 140 536 | 1 420 928 | 702 380 | 10 951 841 |
| Transport assets | 7 217 994 | 56 679 | 1 035 695 | 647 787 | 7 662 581 |
| Computer equipment | 1 135 250 | (1 919) | 159 819 | 27 974 | 1 269 014 |
| Furniture and Office equipment | 68 957 | 2 502 | 30 494 | 848 | 101 105 |
| Other machinery and equipment | 1 670 556 | 79 436 | 194 920 | 25 771 | 1 919 141 |
| BIOLOGICAL ASSETS | 9 008 | 0 | 3 636 | 1 284 | 11 360 |
| Biological assets | 9 008 | 0 | 3 636 | 1 284 | 11 360 |
| TOTAL MOVABLE CAPITAL TANGIBLE ASSETS | 10 101 765 | 140 536 | 1 424 564 | 703 664 | 10 963 201 |

29.4 **Minor Assets**
MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2011

| | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|----------------------------------|-------------------|-----------------|-------------------------|-------------------|-----------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Opening balance | 0 | 0 | 1 772 719 | 0 | 1 772 719 |
| Adjustment to prior year balance | 0 | 0 | 1 470 | 0 | (1 470) |
| Additions | 0 | 0 | 286 084 | 0 | 286 084 |
| Disposals | 0 | 0 | (264 655) | 0 | (264 655) |
| TOTAL | 0 | 0 | 1 795 618 | 0 | 1 795 618 |
| Number of minor assets | 0 | 0 | 757 205 | 0 | 757 205 |
| TOTAL | 0 | 0 | 757 205 | 0 | 757 205 |

Minor Assets
MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2010

| | | | | | |
|--------------|---|---|-----------|---|-----------|
| Minor Assets | 0 | 0 | 1 772 719 | 0 | 1 772 719 |
| TOTAL | 0 | 0 | 1 772 719 | 0 | 1 772 719 |

DEPARTMENT OF POLICE
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Detail note 29 continued...

| | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|------------------------|-------------------|-----------------|-------------------------|-------------------|----------------|
| Number of minor assets | 0 | 0 | 736 273 | 0 | 736 273 |
| TOTAL | 0 | 0 | 736 273 | 0 | 736 273 |

30 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

| | Opening balance | Current year adjustments to prior year balances | Additions | Disposals | Closing balance |
|--|-----------------|---|--------------|------------|-----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | 13 609 | (222) | 7 115 | 807 | 19 695 |
| Dwellings | 5 306 | 0 | 2 506 | 807 | 7 005 |
| Non-residential buildings | 8 303 | (222) | 4 609 | 0 | 12 690 |
| TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS | 13 609 | (222) | 7 115 | 807 | 19 695 |

30.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

| | Cash | Non-cash | (Capital work-in-progress current costs and finance lease payments) | Received current, not paid (Paid current year, received prior year) | Total |
|---|------------------|--------------|---|---|--------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | 1 182 141 | 1 166 | (933 993) | (242 199) | 7 115 |
| Dwellings | 11 984 | 90 | (7 440) | (2 128) | 2 506 |
| Non-residential buildings | 1 170 157 | 1 076 | (926 553) | (240 071) | 4 609 |
| TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS | 1 182 141 | 1 166 | (933 993) | (242 199) | 7 115 |

DEPARTMENT OF POLICE
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Detail note 30 continued...

30.2 **Disposals**

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

| | Sold for cash | Transfer out or destroyed or scrapped | Total disposals | Cash received Actual |
|--|---------------|---------------------------------------|-----------------|----------------------|
| | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | 0 | 807 | 807 | 0 |
| Dwellings | 0 | 807 | 807 | 0 |
| Non-residential buildings | 0 | 0 | 0 | 0 |
| TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS | 0 | 807 | 807 | 0 |

30.3 **Movement for 2009/10**

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

| | Opening balance | Additions | Disposals | Closing balance |
|--|-----------------|-----------|-----------|-----------------|
| | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | 11 787 | 2 847 | 1 025 | 13 609 |
| Dwellings | 5 923 | 107 | 724 | 5 306 |
| Non-residential buildings | 5 864 | 2 740 | 301 | 8 303 |
| TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS | 11 787 | 2 847 | 1 025 | 13 609 |

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for the year ended 31 March 2011

ANNEXURE 1
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 - LOCAL

| Guarantee in respect of and Guarantor institution | Original Guaranteed capital amount | Opening balance 1/4/2010 | Current year adjustments to prior year closing balances | Guarantee drawdowns during the year | Guarantee Repayments/ Released/ Reduced during the year | Closing balance 31/03/2011 | Realised losses not recoverable i.r.o. claims paid out |
|---|------------------------------------|--------------------------|---|-------------------------------------|---|----------------------------|--|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Motor Vehicles | | | | | | | |
| STANNIC | 637 | 146 | 0 | 0 | 146 | 0 | 0 |
| Total | 637 | 146 | 0 | 0 | 146 | 0 | 0 |
| Housing | | | | | | | |
| STANDARD BANK | | 4 647 | 56 | 54 | 2 856 | 1 901 | 0 |
| NEDBANK PTY LTD | | 10 627 | 297 | 0 | 5 086 | 5 838 | 0 |
| FIRSTRAND BANK: FNB | | 32 416 | 67 | 0 | 3 548 | 28 935 | 0 |
| ABSA | | 18 518 | 64 | 233 | 15 532 | 3 283 | 0 |
| OLD MUTUAL FIN LT | | 243 | 0 | 0 | 224 | 19 | 0 |
| HLANO FIN SERVICES | | 65 | 0 | 0 | 0 | 65 | 0 |
| ITHALA LIMITED | | 2 296 | 0 | 0 | 1 334 | 962 | 0 |
| FREESTATE DEVEL CORP | | 1 047 | 0 | 0 | 48 | 999 | 0 |
| VBS MUTUAL BANK | | 199 | 0 | 0 | 0 | 199 | 0 |
| MPUMALANGA | | 171 | 0 | 0 | 47 | 124 | 0 |
| NP DEVELOP. CORP. LTD | | 468 | 0 | 0 | 330 | 138 | 0 |
| GREEN START H/LOAN | | 257 | (1) | 0 | 167 | 89 | 0 |
| SA HOMELOANS | | 141 | 0 | 0 | 141 | 0 | 0 |
| INDLU FIN PTY LTD | | 16 | 0 | 0 | 0 | 16 | 0 |
| NHFC (Masikheni) | | 693 | 0 | 0 | 693 | 0 | 0 |
| Total | | 71 804 | 483 | 287 | 30 006 | 42 568 | 0 |
| Grand Total | | 71 950 | 483 | 287 | 30 152 | 42 568 | 0 |

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2
CLAIMS RECOVERABLE

| Government Entity | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|---|-------------------------------|------------|---------------------------------|------------|------------|------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Departments | | | | | | |
| THE PRESIDENCY | 0 | 0 | 3 | 1 | 3 | 1 |
| DEPARTMENT OF DEFENCE | 0 | 0 | 104 | 95 | 104 | 95 |
| DEPARTMENT OF AGRICULTURE | 0 | 0 | 590 | 405 | 590 | 405 |
| DEPARTMENT OF ARTS AND CULTURE | 0 | 0 | 8 | 97 | 8 | 97 |
| DEPARTMENT OF COMMUNICATIONS | 0 | 0 | 9 | 3 | 9 | 3 |
| DEPARTMENT OF CORRECTIONAL SERVICES | 0 | 0 | 311 | 295 | 311 | 295 |
| DEPARTMENT OF EDUCATION | 0 | 0 | 923 | 866 | 923 | 866 |
| DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM | 0 | 0 | 461 | 186 | 461 | 186 |
| DEPARTMENT OF FOREIGN AFFAIRS | 0 | 0 | 9 670 | 9 028 | 9 670 | 9 028 |
| DEPARTMENT OF HEALTH | 0 | 0 | 4 411 | 4 010 | 4 411 | 4 010 |
| DEPARTMENT OF HOME AFFAIRS | 0 | 0 | 161 | 161 | 161 | 161 |
| DEPARTMENT OF HOUSING | 0 | 0 | 98 | 9 | 98 | 9 |
| DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEV | 0 | 0 | 406 | 399 | 406 | 399 |
| DEPARTMENT OF LABOUR | 0 | 0 | 218 | 251 | 218 | 251 |
| DEPARTMENT OF LAND AFFAIRS | 0 | 0 | 133 | 7 | 133 | 7 |
| DEPARTMENT OF PUBLIC ENTERPRISES | 0 | 0 | 5 | 2 | 5 | 2 |
| DEPARTMENT OF PUBLIC WORKS | 0 | 0 | 1 647 | 1 662 | 1 647 | 1 662 |
| DEPARTMENT OF SOCIAL DEVELOPMENT | 0 | 0 | 569 | 304 | 569 | 304 |
| DEPARTMENT OF TRADE AND INDUSTRY | 0 | 0 | 27 | 173 | 27 | 173 |
| DEPARTMENT OF TRANSPORT | 0 | 0 | 196 | 147 | 196 | 147 |
| DEPARTMENT OF WATER AFFAIRS AND FORESTRY | 0 | 0 | 165 | 533 | 165 | 533 |
| DEPARTMENT OF MINERALS AND ENERGY | 0 | 0 | 82 693 | 349 | 82 693 | 349 |
| DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION | 0 | 0 | 287 | 12 | 287 | 12 |
| DEPARTMENT OF SCIENCE AND TECHNOLOGY | 0 | 0 | 6 | 3 | 6 | 3 |

DEPARTMENT OF POLICE
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ANNEXURE 2 Continues....

| Government Entity | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|---|-------------------------------|------------|---------------------------------|---------------|----------------|---------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| DEPARTMENT OF SPORT AND RECREATION | 0 | 0 | 71 | 5 | 71 | 5 |
| DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT | 0 | 0 | 14 | 8 | 14 | 8 |
| DEPARTMENT OF STATE DEVELOPMENT | 0 | 0 | 0 | 24 | 0 | 24 |
| DEPARTMENT OF STATISTICS | 0 | 0 | 13 | 0 | 13 | 0 |
| INDEPENDENT COMPLAINTS DIRECTORATE | 0 | 0 | 25 | 17 | 25 | 17 |
| NATIONAL ASSEMBLY: PARLIAMENT | 0 | 0 | 404 | 305 | 404 | 305 |
| NATIONAL PROSECUTING AUTHORITY | 0 | 0 | 182 | 138 | 182 | 138 |
| NATIONAL TREASURY | 0 | 0 | 49 | 65 | 49 | 65 |
| NATIONAL COMMUNICATION CENTRE | 0 | 0 | 130 | 43 | 130 | 43 |
| SUB TOTAL | 0 | 0 | 103 989 | 19 603 | 103 989 | 19 603 |
| Provinces | | | | | | |
| OFFICES OF THE PREMIERS | 0 | 0 | 0 | 2 | 0 | 2 |
| MEC SAFETY AND SECURITY | 0 | 0 | 203 | 187 | 203 | 187 |
| KWAZULU NATAL: PROVINCIAL GOVERNMENT | 0 | 0 | 806 | 483 | 806 | 483 |
| FREE STATE PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 26 | 17 | 26 | 17 |
| WESTERN CAPE PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 2 233 | 2 025 | 2 233 | 2 025 |
| LIMPOPO PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 1 653 | 238 | 1 653 | 238 |
| EASTERN CAPE PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 6 830 | 8 586 | 6 830 | 8 586 |
| GAUTENG PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 377 | 266 | 377 | 266 |
| NORTH WEST PROV: PROVINCIAL GOVERNMENT | 0 | 0 | 384 | 177 | 384 | 177 |
| MPUMALANGA: PROVINCIAL GOVERNMENT | 0 | 0 | 3 | 5 | 3 | 5 |
| NORTHERN CAPE: PROVINCIAL GOVERNMENT | 0 | 0 | 115 | 3 | 115 | 3 |
| SUB TOTAL | 0 | 0 | 12 630 | 11 989 | 12 630 | 11 989 |

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ANNEXURE 2 Continues....

| Other Entities | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|-----------------------------------|-------------------------------|------------|---------------------------------|---------------|----------------|---------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| ICF AFRICA | 0 | 0 | 6 | 0 | 6 | 0 |
| INSTITUTION FOR SECURITY STUDIES | 0 | 0 | 12 | 12 | 12 | 12 |
| NATIONAL INTELLIGENCE AGENCY | 0 | 0 | 513 | 7 | 513 | 7 |
| SA SOCIAL SECURITY AGENCY | 0 | 0 | 179 | 113 | 179 | 113 |
| SA RESERVE BANK | 0 | 0 | 0 | 52 | 0 | 52 |
| SCHINDLER LIFTS | 0 | 0 | 7 | 7 | 7 | 7 |
| AIRPORTS COMPANY SOUTH AFRICA | 0 | 0 | 3 | 3 | 3 | 3 |
| VENTURESCAPES | 0 | 0 | 76 | 72 | 76 | 72 |
| SA SECRET SERVICE | 0 | 0 | 3 | 3 | 3 | 3 |
| 4D DÉCOR | 0 | 0 | 5 | 5 | 5 | 5 |
| RED HOT EVENTS | 0 | 0 | 2 | 2 | 2 | 2 |
| URBAN TONIC | 0 | 0 | 4 | 0 | 4 | 0 |
| EVENTS MANAGEMENT SOLUTIONS | 0 | 0 | 3 | 0 | 3 | 0 |
| LANGE STRATEGIC COMMUNICATIONS | 0 | 0 | 8 | 0 | 8 | 0 |
| TRAVEL MOTIVES | 0 | 0 | 0 | 2 | 0 | 2 |
| SOUTH AFRICAN COMMUNIST PARTY | 0 | 0 | 22 | 22 | 22 | 22 |
| GREEN DOLPINE RESTAURANT | 0 | 0 | 12 | 12 | 12 | 12 |
| GREEN ROUTE PTY LTD | 0 | 0 | 21 | 0 | 21 | 0 |
| SENSE OF TASTE | 0 | 0 | 0 | 15 | 0 | 15 |
| SIYA ZAMA GVK BUILDING RENOVATION | 0 | 0 | 417 | 0 | 417 | 0 |
| SALSA CATERING | 0 | 0 | 2 | 3 | 2 | 3 |
| SUB TOTAL | 0 | 0 | 1 295 | 330 | 1 295 | 330 |
| TOTAL | 0 | 0 | 117 914 | 31 922 | 117 914 | 31 922 |

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ANNEXURE 3
INTER- GOVERNMENTAL PAYABLES

| GOVERNMENT ENTITY | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|--|-------------------------------|------------|---------------------------------|---------------|---------------|---------------|
| | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 | 31/03/2011 | 31/03/2010 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Departments | | | | | | |
| Amounts not included in Statement of financial position | | | | | | |
| Current | | | | | | |
| DEPARTMENT OF INTERNATIONAL RELATIONS | 207 | 0 | 3 109 | 1 538 | 3 316 | 1 538 |
| DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEV | 6 963 | 0 | 32 577 | 9 974 | 39 540 | 9 974 |
| DEPARTMENT OF SOCIAL SERVICES | 0 | 0 | 0 | 9 | 0 | 0 |
| TOTAL | 7 170 | 0 | 35 686 | 11 521 | 42 856 | 11 521 |
| Other Government Entities | | | | | | |
| Amounts not included in Statement of financial position | | | | | | |
| Current | | | | | | |
| PROVINCIAL ADMINISTRATION WESTERN CAPE | 0 | 0 | 18 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 18 | 0 | 0 | 0 |
| GRAND TOTAL | 7 170 | 0 | 35 704 | 11 521 | 42 856 | 11 521 |

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**ANNEXURE 4
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2011**

| Name Of Donor | Purpose | Opening Balance | Revenue | Revenue Surrendered | Expenditure | Closing Balance |
|---------------------------|--------------------------|-----------------|---------|---------------------|-------------|-----------------|
| | | R'000 | R'000 | R'000 | R'000 | R'000 |
| Received in cash | | | | | | |
| Local | | | | | | |
| CARA Funds | | 7 021 | 0 | 0 | 311 | 6 710 |
| Subtotal | | 7 021 | 0 | 0 | 311 | 6 710 |
| Foreign | | | | | | |
| European Union | Capacity Building | (4 469) | 0 | 0 | 0 | (4 469) |
| Swiss | Operational training DRC | (124) | 0 | 0 | 0 | (124) |
| African Renaissance | DRC Projects | (2 546) | 0 | 0 | 0 | (2 546) |
| United Kingdom | DRC Projects | 42 | 0 | 42 | 0 | 0 |
| Norwegian | DRC Projects | 251 | 251 | 251 | 0 | 251 |
| Enhlangano Project France | Training support | 745 | 745 | 745 | 351 | 394 |
| Norway (Sudan) | Training support | 0 | 6 520 | 0 | 3 846 | 2 674 |
| Subtotal | | (6 101) | 7 516 | 1 038 | 4 197 | (3 820) |
| Total | | 920 | 7 516 | 1 038 | 4 508 | 2 890 |

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**ANNEXURE 5
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011**

| Nature of Liability | Opening Balance 01/04/2010 R'000 | Current year adjustments to prior year balances R'000 | Liabilities incurred during the year R'000 | Claims settled during the year | | | Closing Balance 31/03/2011 R'000 |
|--------------------------------------|--|---|---|------------------------------------|-----------------------|---|--|
| | | | | Original claim Amounts R'000 | Amounts Paid R'000 | Amounts Cancelled/ Reduced R'000 | |
| Claims against the department | | | | | | | |
| Vehicle accidents | 143 260 | 5 651 | 56 450 | 27 885 | 11 776 | 16 109 | 177 476 |
| Legal expenses | 161 402 | 6 754 | 223 166 | 10 542 | 2 064 | 8 478 | 380 780 |
| Damage to property | 6 647 | (952) | 1 365 | 2 396 | 548 | 1 848 | 4 664 |
| Assault | 506 141 | 21 560 | 203 012 | 33 866 | 6 065 | 27 801 | 696 847 |
| Damage to State property | 10 961 | (125) | 2 758 | 5 224 | 2 456 | 2 768 | 8 370 |
| Police actions | 5 655 552 | 841 705 | 2 666 245 | 600 265 | 52 740 | 547 525 | 8 563 237 |
| Shooting incidents | 526 511 | 35 564 | 438 965 | 57 141 | 9 956 | 47 185 | 943 899 |
| Other (Not yet classified) | 476 345 | (298 307) | 100 232 | 8 845 | 0 | 8 845 | 269 425 |
| Total | 7 486 819 | 611 850 | 3 692 193 | 746 164 | 85 605 | 660 559 | 11 044 698 |

Note: Amounts on this schedule reflects the actual amounts paid and actual amounts claimed (NOT ESTIMATED SETTLEMENT AMOUNTS) in respect of all pending civil claims against the state, which may or may not be settled in future.

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ANNEXURE 5 (Continued)

STATEMENT OF THE RECOVERABILITY OF ACCUMULATED PAYMENTS MADE AS AT 31 MARCH 2011

| Nature of recoverability | Opening Balance 01/04/2010 | | Current year adjustments to prior year balances | Movement during the year | | | Closing Balance 31/03/2011 |
|------------------------------------|-------------------------------|-------|--|----------------------------------|---------------------|-------------------------------|-------------------------------|
| | R'000 | | | Detail of finalized transactions | Amount finalized | New transactions Amount | |
| Vehicle accidents, Legal expenses, | 113 140 | 4 900 | Written off (TR 11.4 & 12) | 206 | 122 526 | 110 123 | |
| Damage to property, Assault | | | State funds | 6 936 | | | |
| Damage to State property | | | Claim by the Department | 69 | | | |
| Police actions, Shooting incidents | | | Waiver of claims (TR 12.7.3) | 123 191 | | | |
| and Other (not yet allocated)] | | | Cash payment | 41 | | | |
| Total | 113 140 | 4 900 | | 130 443 | 122 526 | 110 123 | |

DEPARTMENT OF POLICE
VOTE 24
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

**ANNEXURE 6
INVENTORY**

| | Note | Quantity | 2010/11 | Quantity | 2009/10 |
|--|------|-------------------|----------------|-------------------|----------------|
| | | | R'000 | | R'000 |
| Inventory | | | | | |
| Opening balance | | 55 605 818 | 649 916 | 60 005 068 | 732 796 |
| Add/(Less): Adjustments to prior year balances | | 1 074 166 | (116 992) | (351 267) | (78 151) |
| Add: Additions/Purchases - Cash | | 22 060 206 | 412 302 | 27 929 813 | 399 103 |
| Add: Additions - Non-cash | | 170 940 | 5 643 | 186 609 | 10 787 |
| (Less): Disposals | | (1 555 953) | (4 067) | (1 694 411) | (30 969) |
| (Less): Issues | | (22 771 122) | (358 938) | (30 460 892) | (383 237) |
| Add/(Less): Adjustments | | 693 493 | (1 139) | (9 102) | (411) |
| Closing balance | | <u>55 277 548</u> | <u>586 725</u> | <u>55 605 818</u> | <u>649 916</u> |