

Annual Financial Statements



National Prosecuting Authority - Vote 23 Annual Financial Statements for the year ended 31st March 2011

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National Prosecuting Authority - Vote 23

Report of The Audit Committee

for the year ended 31st March 2011

I. Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

I.1. Audit Committee members and attendance

The Audit Committee consists of the members listed below and is required to meet at least four times per annum as per its approved terms of reference. During the current year eight meetings were held, and these included special meetings. The special meetings were held in order to address the audit concerns and qualification matters.

Name of members	Numbers of meetings attended	Status
Mr Motsamai Karedi (Chairperson)	8	Re-appointed 15 December 2009
Mr Cedric Boltman	8	Re-appointed 15 December 2009
Ms Bajabulile Luthuli	7	Appointed 15 December 2009
Ms Matshego Ramagaga	4	Appointed 15 December 2009
Ms Zodwa Manase	3	Appointed 15 December 2009
Mr Wilson Ramabulana	7	Appointed 15 December 2009

I.2. Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirement of section 38(1) (a) of the Public Finance Management Act, 1999 (Act No 1 of 1999) and Treasury Regulation 3.1.

I.3. The effectiveness of internal control

In the light of the challenges in the previous year with regard to the internal control systems and financial reporting, the Audit Committee set up a special committee to specifically focus on the areas mentioned in order to ensure improvement.

Although some areas reported in the internal audit reports and the Auditor-General's report to management still needed attention, the initiative resulted in the improvement on the system of internal control and financial reporting during the year and has assisted the National Prosecuting Authority in achieving an unqualified audit opinion.

The Audit Committee is also satisfied that key controls remained in place throughout the year under review and where deficiencies in internal controls were identified, management has demonstrated commitment in addressing them.

I.4. Internal Audit

The Internal Audit Unit reviewed the operations as per approved audit plan during the year under review. The functioning of the Internal Audit Unit also improved during the year as the Unit managed to fill the vacant supervisory and middle management positions. Staff turnover in the Unit was stable during the year resulting in improved performance.

The Audit Committee and Accounting Officer continued to ensure that challenges facing the Internal Audit Unit were addressed and that internal audit capacity is adequate.



1.5. Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there were no unresolved issues.

1.5.1. The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA

Although there are areas of improvement, we are satisfied with the content and quality of monthly and quarterly reports prepared by the Accounting Officer of the National Prosecuting Authority during the year under review. However, we have noted the Auditor-General's concerns relating to the Department's reporting on performance information in terms of the required auditing standards.

Management has undertaken to effect the recommended improvements and the Audit Committee will continuously monitor the progress in that regard.

1.5.2. Evaluation of financial statements

We have done the following:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General South Africa and the Accounting Officer;
- Reviewed the Auditor-General South Africa's management letter and management's response to it;
- Reviewed the department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

We concur and accept the conclusions of the Auditor-General South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General South Africa.



M Kareedi
Chairperson of the Audit Committee
8 August 2011



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Report of the Accounting Officer

for the year ended 31st March 2011

I. General review of state of financial affairs

The NPA made a policy decision in the second quarter to implement cost saving measures in the event that National Treasury would not fund the implementation of OSD Phase II. Subsequently R 198 m was allocated which proved to be considerably more than the actual expense required. The amount requested was based on an estimate as the number of staff who qualified was not known at the time.

The NPA was faced with the challenge of implementing the JCPS Delivery Agreement which required a shift in strategic focus specifically in respect of output 5. There were two significant events in the past year: 2010 FIFA World Cup and the Public Service strike which had a significant impact on the performance of the NPA. During the FIFA world cup the NPA serviced the special courts set up to deal with world cup related incidents, an amount of R 2,9 m was paid to official performing overtime during this period.

The Accounting Officer of the NPA is the Director-General of the Department of Justice and Constitutional Development (DoJ&CD). The Chief Executive Officer (CEO: NPA) continued to act as the Accounting Officer of the NPA on the basis of a delegation of authority from the Director-General: DoJ&CD.

The NPA received a qualified audit opinion in the 2009/10 financial year. The basis for the qualified opinion was a lack of a complete and accurate asset register, poor leave management, the understating of irregular expenditure, the overstatement of prepayments with R 19,2 m, and the failure to take effective and appropriate disciplinary action against officials who made or permitted fruitless and wasteful expenditure. These audit findings are being addressed through the audit action plan that has been developed.

The NPA is programme four within the DoJ&CD Vote.

Table I: NPA Financial Performance for the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
Total revenue	2,519,749	2,262,019
Less		
Total expenditure	2,502,006	2,236,677
Current expenditure	2,434,568	2,146,548
Transfers and subsidies	7,447	19,327
Capital assets	56,051	70,383
Financial assets	3,940	419
Surplus / (deficit) for the year	17,743	25,342



The NPA spent 99,5% of its appropriation as at the end of the financial year (after virement) leaving a surplus of R 17,7m for the year under review. An amount of R 41,7m on Goods and Services was utilised by the DoJ&CD as part of the virement process. The saving on Goods and Services at the NPA was mainly as a result of cost saving measures introduced during the financial year. The total amount of the virement to DoJ&CD is R 175,7m. The virement was approved by the acting CFO: DoJ&CD.

It should be noted that the NPA only administers the personnel budget of prosecutors at the lower courts. The administration of the remainder of this budget remains with the DoJ&CD. In addition, the lack of suitable and sufficient office accommodation at some of the courts places constraints on the vacancies to be filled.

Fruitless and wasteful expenditure relating to the current financial year amounts to R 668,000. The major portion of this amount relates to a specific case where an official was on suspension with full pay for a considerable period. In this regard, corrective measures were implemented to bring the management of suspensions and special leave under control. Motor car accident repair cost is another significant portion of the current year's fruitless and wasteful expenditure.

2. Service rendered by the NPA

2.1 In broad terms, the NPA renders the following services:

- The sub-programme: **Public Prosecutions** includes general prosecutions and several specialist prosecution units, such as those for priority crimes litigation, sexual offences and community affairs, and specialised commercial crime.
- The sub-programme: **Office for Witness Protection** provides protection, support and related services to vulnerable witnesses and related persons in judicial proceedings.
- The sub-programme: **Asset Forfeiture Unit** seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process.
- The sub-programme: **Support Services** provides the NPA with the following support functions:
 - o Finance and Procurement
 - o Human Resources Management and Development
 - o Information Management and Technology
 - o Research and Policy Development Management
 - o Security Management
 - o Communications
 - o Strategy and Risk Management
 - o Programme and Project Management
 - o Integrity Management

2.2 Tariff policy

The NPA does not charge tariffs for services rendered, but is contemplating the introduction of service charges for the use of parking by officials at our offices. The parking policy was tabled in the Bargaining Chamber for purposes of consultation.

2.3 Free services

The NPA has the constitutional mandate to institute criminal prosecutions of the State and to carry out any necessary functions incidental to instituting criminal proceedings. It therefore does not render free services that would have yielded significant revenue had a tariff been charged.



3. Capacity constraints

The vacancy rate at the NPA decreased from 24,9% at the end of the 2008/09 financial year to 16,6% at the end of the 2009/10 financial year. The vacancy rate for prosecutors as at 31 March 2011 was 12,7%. Unfortunately, the project (Operation Recruitment Drive) launched to fill vacancies did not fully achieve the desired results.

The NPA continued to experience considerable difficulty to attract staff from outside. The lack of capacity is compounded by the inability to speed up the recruitment process and the fact that most vacancies are filled by internal candidates. All vacant posts in Finance & Procurement have been advertised and are being filled.

As pointed out above, accommodation for prosecutors remains a constraint. At some lower courts, prosecutors do not have offices or share offices. At other courts, prosecutors are accommodated in temporary accommodation. The lack of suitable accommodation and the appalling state of some courts are not conducive to an environment where victims are treated with dignity or respect. The NPA continues to engage the DoJ&CD to address these concerns.

4. Utilisation of donor funds

The following projects were funded through donations received in cash or kind during the current financial year:

Donor	Project	Short description
European Union	Human trafficking – Sexual Offences and Community Affairs (SOCA)	Assistance to South African Government to prevent and react to human trafficking.
Royal Danish Commission	Ndabezitha project – SOCA	Resolving domestic violence in rural communities.
CARA	Various projects with the NPA	Assistance in fighting organised crime.
UNICEF	Thuthuzela project – SOCA	To roll out Thuthuzela Care Centres.
US Presidency	Support of PEPFAR: Thuthuzela Care Centres	Compliance assessment of the Thuthuzela Care Centres with National Dept of Health guidelines.
USAID	Woman Justice and Empowerment Initiative (WJEI)	To upgrade and expand one stop Thuthuzela Care Centre network.

Please refer to Annexure ID of the Annual Financial Statements for further details in regard to donor funding. The NPA is fortunate to continue attracting donor funding for its projects. The nature of these projects, the relationships developed over time with the donors involved, and shared ownership and management of the projects, where appropriate, contribute to the success of our interaction with the donor community. It is a concern that some of these projects that focus on addressing crimes against women and children in particular may not be sustainable in the long term. In this regard, funding additional to baseline will be requested during the 2011/12 MTEF process.

5. Trading entities and Public Entities

This is not applicable to the NPA.



6. Organisations to whom transfer payments have been made

R 1,8m was transferred to the Safety and Security Sector SETA (SASSETA). SASSETA was created to develop an integrated education and training authority for the safety and security sector. Transfer of funds to SASSETA will be subject to conditions and it is required to establish and implement effective, efficient, and transparent financial management and internal control systems.

7. Public Private Partnerships

This is not applicable to the NPA.

8. Corporate governance arrangements

The NPA views enterprise risk management as an imperative for the successful delivery on its mandate and its obligation to deliver on its mandate to its stakeholders.

Risk Assessment were conducted for all business units and service centres. Action plans were identified and documented for risks with a residual risk rating of "medium", "high" and "extreme". The identified risks were reviewed, rated and approved. A fraud and corruption risk assessment was also conducted in the period under review and formed the refinement of the Fraud and Corruption response plan managed by the Integrity Management Unit.

For the period under review, the following enhancements were made to the Enterprise Risk Management System and the governance thereof:

- a) Refinement of the Risk Analysis Matrix from a 10 point impact and likelihood scale to a five point scale.
- b) The development and approval of the Enterprise Risk Management Handbook. The Handbook serves as a single point of reference on risk management for the NPA, in that it includes a) NPA Enterprise Risk Management Framework, b) Enterprise Risk Management Policy, c) Enterprise Risk Management Strategy, d) Enterprise Risk Management Process Maps, e) Guidebooks on risk identification, control activities, risk assessment, risk rating and risk response strategy.
- c) The Enterprise Risk Management was reviewed, updated and approved.
- d) The creation of a Risk Management Committee was approved and members were appointed. The effective date of the Risk Management Committee is 1 April 2011.

A Code of Ethics was drafted during a consultative process wherein most NPA members were involved. It was adopted by the NPA in 2010. The Code was officially launched on 9 December 2010, during International Anti-Corruption Day. The Code was aligned to the whistle-blowing policy, as to include steps on how to blow the whistle on fraud and corruption, as well as unethical conduct. The Code was printed and distributed to NPA members as well as stakeholders such as SAPS (only certain identified stations). As regards the code of conduct, the NPA will formally embrace the public service code of conduct, however, we will review the prosecutor's code of conduct which has never been reviewed since its adoption.

The Code is linked with the organisational values which the NPA has adopted in 2009/2010 financial year. The IMU has developed the value institutionalised programme which will be rolled out in the current financial year. The values institutionalization programme will be rolled out to leadership, as well as employees. It is therefore envisaged that the internalization of values and code of ethics will go a long way in terms of changing both individual and organisational behaviour.



The IMU developed a Fraud and Corruption Response Plan based on risk management principles. The plan was developed in consultation with the Enterprise Risk Management Section and all other business units within the NPA. The plan was rolled out to 80% of all the regions. The plan is effective but can still be improved upon.

The IMU developed a conflict of interest policy which was approved by NPA management. The plan ensures that proper measures are implemented to deal with conflict of interest. These measures include:

- Policy and process to manage remunerative work outside the NPA;
- Policy and process to manage receipt of gifts;
- Analyses of Financial Disclosures forms of Senior Managers to identify possible conflict of interest;
- Lifestyle audits on employees; and
- Monitoring of employee conduct by means of integrity inspections and reviews.

The Audit Committee continues to provide oversight in terms of risk management for the NPA. The NPA is serviced by the Internal Audit unit of the DoJ&CD.

The Security & Risk Management Service Centre continued to provide physical security services in the NPA facilities, and threatened employees are provided with protection in terms of the NPA's Employee Protection Policy. This continues to be a key part of the security management strategy of the NPA. Various interventions were held to focus on organisational compliance to occupational health and safety issues and the roll out of such programme was done successfully.

The Budget Review Committee held quarterly budget review meetings with the heads of all business units. During these reviews, spending patterns are examined and funds are reprioritised, should it be necessary. This review process is now well established in the NPA. Monthly expenditure reports are presented to management and budget coaches interact with business units on a daily basis.

9. Discontinued activities / activities to be discontinued

The reporting lines of officials working in units such as SCCU and SOCA were clarified and these officials now report at an operational level to the DPP in whose jurisdiction they fall.

It was previously reported that a proposal to integrate the NPA Corporate Services with that of the DoJ&CD was under consideration. This proposal is no longer on the table. It should be noted further that the Minister has instructed the DoJ&CD to affect the necessary legislative amendments to provide for the establishment of the NPA as a separate entity with its own accounting officer. This process is underway.

10. New / proposed activities

The NPA does not intend to commence any new activities that will have an effect on the operations of the organisation.



11. Asset management

Immovable assets are under the control of the DoJ&CD. The NPA provides inputs into the DoJ&CD's User Asset Management Plan (UAMP).

In respect of movable assets, three quarterly verifications, as well as one stock-take were conducted to ensure that the NPA's asset register remain up-to date during the period under review. To ensure that the accurate reporting on assets becomes a sustainable function within the NPA, thirteen regional Asset, Fleet and Facilities management positions were advertised. The short listing and interviewing processes are currently underway. A fair value exercise was conducted on assets where the assets could not be matched to invoices. This process to fair value these assets, was pre-approved by the Executive Manager: Finance and Procurement.

All assets acquired during the 2010/11 financial year, have been reconciled with the accounting system, and loaded to the NPA Asset Management system, AssetWare.

In the new financial year, training with regards to AssetWare and general asset management principles, will be conducted with Asset Controllers within every office, Corporate Managers, as well as the newly appointed Asset, Fleet and Facilities managers to be appointed. Disciplinary action was instituted in respect of offices where poor compliance was identified.

12. Inventories

All inventory opening and closing balances, together with movements for the year under review, are reflected in Annexure 5 of the Annual Financial Statements.

13. Information on predetermined objectives

The NPA utilises a manual system to collect performance information in many areas, capturing and consolidated in excel spreadsheets. No electronic performance management system currently exists that can eliminate the risk of human error. The development of an electronic system commenced and the role out of the system is planned for 2011/12.

Monthly and quarterly performance reports are generated and interrogated by management through EXCO on a quarterly basis. These reports are forwarded to the Minister and the Director-General of DoJ&CD.

14. Events after the reporting date

There were no events that occurred after the reporting date and the date of approval of the Annual Financial Statements (31 May 2011) that had a significant impact on the AFS.



15. SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
<p>Par 3 (3.1) SCOPA Recommends that these matters are finalised as a matter of urgency to ensure that the NPA realises its mandate.</p>	Accountability governance status of the NPA.	Steps are underway to amend the NPA Act with the intention of making the NPA a separate entity and no longer a programme of DoJ&CD. Such an amendment will also provide the NPA with its own Accounting Officer.
<p>Par 3 (3.2) SCOPA Recommends that vacant posts are filled to ensure that strategic objectives are achieved and the operation of the NPA runs smoothly.</p>	Capacity and people related issues.	The NPA started to advertise funded vacancies in January 2011 and the recruitment process is at various stages. The NPA is currently reviewing its establishment with a view to abolish unfunded posts. The vacancy rate as at 31 March 2011 is: Total establishment (all posts): Vacancy rate 16,63%. Inclusive of the contract employees the vacancy rate is 15,46%. Prosecutor/Advocate positions: Vacancy rate 13,68%. Inclusive of the contract employees the rate is 12,72%.
<p>Par 3 (3.3) SCOPA recommends that:</p> <ul style="list-style-type: none"> • A system or process is put in place to enable CARU to fulfil its mandate. • Policies and procedures are implemented and vacancies are filled. 	Criminal Assets Recovery Account (CARA)	The Criminal Assets Recovery Unit (CARU) was transferred to the Department of Justice and Constitutional Development (DOJ & CD) with effect from 1 December 2009.
<p>Paragraph 5 page 63 of the Auditor-General Report for 2007/08: SCOPA recommends that:</p> <ul style="list-style-type: none"> • The Accounting Officer ensures that the outcomes of the investigation is submitted to the committee and, • Action is taken to avoid discrepancies with regard to the above – mentioned issues. 	Irregular, fruitless and wasteful expenditure	The outcome of the investigations into the SCM Unit was submitted to the Committee. The reports were referred to Labour Relations to institute disciplinary action against the officials involved. Final written warnings were issued to three managers.
<p>Paragraph 6 page 64 of the Auditor General-Report for 2007/08: SCOPA recommends that:</p> <ul style="list-style-type: none"> • An updated asset register is in place and reviewed by management regularly. • Policies that are related to financial reporting must be communicated throughout the entity. 	Tangible assets	Assets register in place. Quarterly verifications conducted. 13 Asset Controllers are being recruited to enhance regional capacity. The Asset Management Policy has been reviewed and the Asset Management Strategy approved. Furniture and equipment norms and standards were developed and approved.



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Report of the Accounting Officer for the year ended 31st March 2011

<p>Paragraph 12 page 65 of the Auditor-General Report for 2007/08: SCOPA recommends that:</p> <ul style="list-style-type: none"> The information on PERSAL is updated on a daily basis and management should make sure that policies and procedures are implemented. Information on housing guarantees with names of people who were transferred to other departments must be submitted to Parliament within 60 days after the adoption of this recommendation by the house. Written report to be submitted to Parliament on wrong appointments made by the NPA on all consequent issues as raised by the Auditor-General within 60 days of this recommendation by the house. 	<p>Housing guarantees</p>	<ul style="list-style-type: none"> The NPA is guided by the DPSA determination on housing and the Public Works Housing Guarantee Scheme. The NPA is implementing the provisions of the above and has developed and reviewed a housing guarantee process map. A compliance check list document on state guarantees has also been developed, checked and discussed and agreed to with the IMU of the NPA to promote compliance. <p>Housing guarantee transactions documents are attended to on a daily basis as and when they are received. Transactions are captured by the Chief Administrative Assistants (HR), checked for correctness and approved by the Assistant Manager or above.</p> <p>There is regular communication with the banks and affected employees (who have state guarantees) to provide information on the status of the state guarantees, i.e. whether they are still active or whether the state guarantee was released and should be terminated. Formal letters are being sent out at least twice per annum to employees and financial institutions to determine the status of state guarantees. There has been a drastic reduction of the state guarantee liability over the past three years. This can be seen through the reduction of the liability from where it was in 2008 at R 5,5m to the current liability amount of R 2,3m. A full audit of all state guarantee files were conducted during 2008/2009.</p> <p>Information and names of employees who had housing guarantees who were transferred and whose files were not audited was submitted as requested.</p>
<p>Paragraph 7 page 64 of Auditor-General report for 2007/08: SCOPA recommended that:</p> <ul style="list-style-type: none"> Policies, guidelines and procedures are in place and management must monitor the implementation of these policies. Leave forms must be completed, approved by relevant managers and be captured on the PERSAL system on a daily basis. 	<p>Leave entitlement</p>	<p>The NPA conducted the leave audit up until December 2010. Circulars were sent to the Regions urging them to timeously capture leave forms on PERSAL. The management of leave will be completely decentralized after the final AG audit in 2011.</p>
<p>Paragraph 16 page 66 of Auditor-General report for 2007/08: SCOPA recommended that:</p> <ul style="list-style-type: none"> Control activities are developed with consideration of their cost and potential of effectiveness in mitigating risks to the achievement of financial reporting objectives 	<p>Financial management</p>	<p>The joint budget committee reviews expenditure patterns timeously and holds quarterly budget review meetings with Business Units to address prioritisation of funds spent against budget. Expenditure is monitored in line with the drawdown on a monthly basis to ensure that requests of virements & reprioritisation of funds are adequately addressed</p> <p>The NPA Finance Unit will provide effective and efficient communication and support to BU's to ensure effective management of expenditure.</p>



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Report of the Accounting Officer for the year ended 31st March 2011

<p>Paragraph 10 page 64 of Auditor-General report for 2007/08: SCOPA recommended that:</p> <ul style="list-style-type: none"> • Management lead by example in terms of being competent, independent and support the achievement of effective internal control over financial reporting. • The entity complies with Procurement Policies, Supply Chain Management Practices and applicable legislation. • Disciplinary procedures must be instituted against officials responsible for any tender irregularities. 	<p>Non-compliance with the Preferential Procurement Policy Framework Act and Supply Chain Management Practice</p>	<p>IMU finalised a review of SCM processes. Management responded by addressing the weaknesses.</p> <p>The NPA management monitors and performs review to ensure compliance with SCM processes. Pre-awarding of all tenders is thoroughly checked and calculations will be adequately performed at senior management level to ensure that the correct bidder is awarded the bid.</p> <p>Disciplinary action was taken against three senior managers for tender irregularities.</p>
<p>15th report of SCOPA adopted by National Assembly on 11 December 2001. SCOPA recommended an independent and expert forensic investigation to “prove or disapprove once and for all” the allegations of corruption relating to the procurement process.</p>	<p>Joint investigation report into the Strategic Defence Procurement Packages</p>	<p>The NPA submitted a report to SCOPA on 26 January 2009. The committee reviewed the report and highlighted the need for further interaction with the NPA to seek clarity on certain matters related to the report. The investigation was handed to SAPS with the dissolution of the DSO.</p>

16. Prior modifications to audit reports

While we believe progress has been made in addressing the audit qualification on assets by creating and managing assets on the asset register, the opening balances and the valuation of assets acquired before 2008/09 remained problematic. An extensive fair valuation process was followed, and quarterly asset verifications and an annual stock take were performed. However, asset management in an environment where facilities are shared with DoJ&CD is challenging. Management accordingly decided, in consultation with the Director-General and the CFO: DoJ&CD, to transfer all NPA assets at the lower courts to DoJ&CD. DoJ&CD is currently verifying the existence of these assets at the lower courts.

As previously reported, a forensic investigation was conducted in respect of the Rentworks sale-and-leaseback matter. Some of the findings of the forensic auditors on value for money received are contested by the Auditor-General and the matter has been referred to National Treasury for a determination. The Office of the Accountant-General was requested to advice on the accounting treatment of the sale-and-leaseback transaction. In this regard, the NPA has taken the position, on the basis of the forensic report, that the sale-and-leaseback transaction was allowed in terms of SITA 285 and that no funds should be surrendered to National Treasury. National Treasury has indicated that since there was no revenue received, and value for money received, the NPA does not need to surrender the proceeds of the sale-and-leaseback. The possibility of disciplinary action has been exhausted, a loss of R 4,951m was disclosed and this matter should now be settled.



17. Exceptions and deviations received from National Treasury

The NPA did not receive or apply for any exemption from the PFMA or Treasury Regulations or a deviation from the financial reporting requirements for the current financial year.

18. Other

There are no other material facts or circumstance which may have an effect on the understanding of the financial state of affairs not addressed elsewhere in this report.

19. Approval

The Annual Financial Statements set out on pages 66 to 111 have been approved by the Accounting Officer.



Adv Karen Van Rensburg
Acting CEO: NPA
31/05/2011



Ms Nonkululeko Sindane
Director-General: DOJ & CD
31/05/2011



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Report of the Auditor-General to Parliament on

The National Prosecuting Authority

for the year ended 31st March 2011

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Prosecuting Authority, which comprise the appropriation statement, 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, a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages 66 to 103.

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), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 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 National Prosecuting Authority 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 prescribed by National Treasury and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

9. As disclosed in notes 24 and 29 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of errors discovered during 2011 in the financial statements of the National Prosecuting Authority at, and for the year ended, 31 March 2010.

Irregular expenditure

10. As disclosed in note 24 to the financial statements, the National Prosecuting Authority incurred irregular expenditure of R 61 098 000 as expenditure was in contravention of the PFMA and Treasury Regulations relating to supply chain management, Public Service Regulations and the National Prosecuting Authority Act relating to compensation of employees.

Additional matters

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

Unaudited supplementary schedules

12. The supplementary information set out on pages 104 to 111 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.

Financial reporting framework

13. The financial reporting framework prescribed by the National Treasury and applied by the entity 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 entity.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. 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 3 to 46 and material non-compliance with laws and regulations applicable to the entity.



Predetermined objectives

15. There are no material findings on the annual performance report.

Compliance with laws and regulations

Annual financial statements, performance report and annual report

16. The accounting officer submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice as required by section 40(1) (b) of the PFMA. The material misstatements identified by the AGSA with regards to tangible fixed assets and contingent liabilities were subsequently corrected.

Strategic planning and performance management

17. The executive authority did not approve the strategic plan submitted by the accounting officer before submission to Parliament as required by Treasury Regulation (TR) 5.1.1.

Expenditure management

18. Expenditure was incurred without the approval of a delegated official as per the requirements of section 44 of the PFMA, TR 8.2.1 and TR 8.2.2.

19. The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure as per the requirements of section 38(1)(c)(ii) of the PFMA and TR 9.1.1

20. The accounting officer did not immediately upon the discovery of irregular/ fruitless and wasteful expenditure report it to the relevant treasury as per the requirements of section 38(1)(g) of the PFMA

Procurement and contract management

21. Awards were made to suppliers who did not submit a declaration on whether they are employed by the state, or connected to any person employed by the state as per the requirements of Treasury regulation 16A8.3 and Practice Note 7 of 2009/10.

22. Awards were made to suppliers based on preference points that were not allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

23. Employees performed remunerative work outside their employment in the entity without written permission from the relevant authority, as per the requirements of section 30 of the Public Service Act of South Africa, 1994 (Act No. 103 of 1994).

Human resource management and compensation

24. The executive authority did not determine, based on the strategic plan, the department's organisational structure, as per the requirements of Public Service Regulation 1/III/B.2(a).

25. Sufficient appropriate audit evidence could not be obtained that persons in charge at pay points had certified on the date of payment that all employees listed on the payroll report were entitled to the payment, as per the requirements of TR 8.3.4.



National Prosecuting Authority - Vote 23
Report of the Auditor-General for the year ended 31 March 2011

26. The cost of living adjustment to prosecutors were not approved and gazetted as required by section 18 of the National Prosecuting Authority Act 1998. (Act No. 32 of 1998)

27. Funded vacant posts were not filled within 12 months after becoming vacant as per the requirements of PSR I/VIII/C.1A.2.

INTERNAL CONTROL

28. 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 on compliance with laws and regulations included in this report.

Leadership

29. The leadership of the NPA did not exercise oversight responsibility over reporting, compliance with laws and regulations, and related internal controls.

Financial and performance management

30. Management did not prepare regular, accurate and complete financial reports that were supported and evidenced by reliable information.

31. Management did not review and monitor compliance with laws and regulations.

OTHER REPORTS

Investigations

32. An investigation was conducted during the year regarding the irregular procurement of equipment and services. The investigation has been finalised at the date of this report. The report recommended that the NPA consider further action against certain officials.

Auditor-General

Pretoria
31 July 2011



AUDITOR-GENERAL
SOUTH AFRICA



National Prosecuting Authority - Vote 23

Appropriation Statement

for the year ended 31st March 2011

Appropriation per programme									
2010/11							2009/10		
	Adjusted Appropriation	Shift- ing of Funds	Vire- ment	Final Appro- priation	Actual Expendi- ture	Vari- ance	Expendi- ture as % of final appro- priation	Final Appro- priation	Actual Expendi- ture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I. NATIONAL PROSECUTING AUTHORITY									
Current payment	2,617,520	(967)	(175,591)	2,440,962	2,427,834	13,128	99.5	2,151,498	2,138,586
Transfers and subsidies	9,599	(2,513)	362	7,448	7,447	1	100.0	19,562	19,327
Payment for capital assets	56,684	-	(500)	56,184	56,051	133	99.8	70,383	70,383
Payment for financial assets	460	3,480	-	3,940	3,940	-	100.0	419	419
Subtotal	2,684,263	-	(175,729)	2,508,534	2,495,272	13,262	99.5	2,241,862	2,228,715
Reconciliation with STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31st March 2011									
ADD									
Departmental receipts				2,757				11,157	
Aid assistance				7,849				9,000	
Actual amounts per STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31st March 2011 (total revenue)				2,519,140				2,262,019	
ADD									
Aid assistance					6,734				7,962
Actual amounts per STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31st March 2011 (total expenditure)					2,502,006				2,236,677



National Prosecuting Authority - Vote 23
Appropriation Statement for the year ended 31st March 2011

Appropriation per Economic Classification									
2010/11								2009/10	
	Ad-justed Appropriation	Shifting of Funds	Vire-ment	Final Appropriation	Actual Expend-iture	Vari-ance	Expendi-ture as % of final appro- priation	Final Appro- priation	Actual expend- iture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	2,098,481	-	(133,885)	1,964,596	1,952,222	12,374	99.4	1,663,811	1,651,829
Goods and services	514,592	(6,744)	(41,706)	466,142	465,388	754	99.8	462,567	461,637
Interest and rent on land	4,447	5,777		10,224	10,224	-	100.0	25,120	25,120
Transfers and subsidies									
Departmental agencies and accounts	1,465	-	362	1,827	1,826	1	99.9	1,415	1,181
Households	8,134	(2,513)	-	5,621	5,621	-	100.0	18,147	18,146
Payments for capital assets									
Buildings and other fixed structures	15,070	-	(220)	14,850	14,723	127	99.1	21,046	21,046
Machinery and equipment	41,614	-	(280)	41,334	41,328	6	100.0	49,337	49,337
Software and other intangible assets								-	-
Payments for financial assets	460	3,480	-	3,940	3,940	-	100.0	419	419
TOTAL	2,684,263	-	(175,729)	2,508,534	2,495,272	13,262	99.5	2,241,862	2,228,715



National Prosecuting Authority - Vote 23
Appropriation Statement for the year ended 31st March 2011

Detail per Sub-Programme									
2010/11								2009/10	
	Adjusted Appropriation	Shift- ing of Funds	Vire- ment	Final Appropriation	Actual Expend- iture	Vari- ance	Expend- iture as % of final appropriation	Final Appropriation	Actual expend- iture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.1 Public Prosecution									
Current payment	1,964,300	(609)	(100,493)	1,863,198	1,851,433	11,765	99.4	1,572,471	1,562,522
Transfers and subsidies	5,313	(176)	-	5,137	5,137	-	100.0	16,698	16,698
Payment for capital assets	2,808	85	-	2,893	2,893	-	100.0	3,109	3,109
Payment for financial assets	250	1,679	-	1,929	1,929	-	100.0	187	187
I.2 Office for Witness Protection									
Current payment	126,070	1,278	-	127,348	127,348	-	100.0	111,424	111,424
Transfers and subsidies	89	(40)	-	49	49	-	100.0	582	582
Payment for capital assets	4,586	(4,007)	-	579	579	-	100.0	8,270	8,270
Payment for financial assets	-	1	-	1	1	-	100.0	100	100
I.3 Asset Forfeiture Unit									
Current payment	106,113	50,445	-	156,558	156,558	-	100.0	78,292	78,292
Transfers and subsidies	216	(46)	-	170	170	-	100.0	115	115
Payment for capital assets	250	(108)	-	142	142	-	100.0	217	217
Payment for financial assets	10	76	-	86	86	-	100.0	16	16
I.4 Support Services									
Current payment	421,037	(52,081)	(75,098)	293,858	292,495	1,363	99.5	349,257	346,294
Transfers and subsidies	3,981	(2,251)	362	2,092	2,091	1	100.0	1,772	1,537
Payment for capital assets	49,040	4,030	(500)	52,570	52,437	133	99.7	58,731	58,731
Payment for financial assets	200	1,724	-	1,924	1,924	-	100.0	116	116
I.5 Special Operations									
Current payment	-	-	-	-	-	-	-	40,054	40,054
Transfers and subsidies	-	-	-	-	-	-	-	395	395
Payment for capital assets	-	-	-	-	-	-	-	56	56
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	2,684,263	-	(175,729)	2,508,534	2,495,272	13,262	99.5	2,241,862	2,228,715



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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure I (A-D) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Public Prosecution	1,873,157	1,861,392	11,765	0.6
Office for Witness Protection	127,977	127,977	-	0.0
Asset Forfeiture Unit	156,956	156,956	-	0.0
Support Services	350,444	348,947	1,497	0.4
TOTAL	2,508,534	2,495,272	13,262	0.5

No material variances are reflected in Programme 4: National Prosecuting Authority after virement. However, the following should be noted:

The original budget in respect of Compensation of Employees was reduced with an amount of R 134m during the virement process. This was as a result of unutilised Occupational Specific Dispensation (OSD). The funded vacancies also contributed to this saving.

Per Economic Classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1,964,596	1,952,222	12,374	0.6
Goods and services	466,142	465,388	754	0.2
Interest and rent on land	10,224	10,224	-	-
Transfers and subsidies				
Departmental agencies and accounts	1,827	1,826	1	0.1
Households	5,621	5,621	-	-
Payments for capital assets				
Buildings and other fixed structures	14,850	14,723	127	0.9
Machinery and equipment	41,334	41,328	6	0.0
Payments for financial assets	3,940	3,940	-	-
TOTAL	2,508,534	2,495,272	13,262	0.5



National Prosecuting Authority - Vote 23
Notes to the Appropriation Statement for the year ended 31st March 2011

The prior year's (2009/10) comparative information in respect of the Directorate of Special Operations (DSO) has been reclassified as per the Accounting Policy. The total expenditure amounting to R 102,566m disclosed in the 2009/10 AFS relates to DSO functions transferred to the South African Police Services (SAPS) and the other sub-programmes within the NPA prior to the disbandment of the DSO on the 6th of July 2009. This expenditure as well as the final budget appropriation was disclosed as part of DSO sub-programme within the NPA. R 40,505m relates to the DSO function transferred to SAPS and R 62,061m (R 55,662m - Public Prosecutions; R 153 thousand - Office for Witness Protection; R 104 thousand - Asset Forfeiture Unit and R 40,505m - Support Services) relates to the functions transferred to the other sub programmes within the NPA.



National Prosecuting Authority - Vote 23
Statement of Financial Performance for the year ended 31st March 2011

	Note	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	1	2,508,534	2,241,862
Departmental revenue	2	2,757	11,157
Aid assistance	3	8,458	9,000
TOTAL REVENUE		2,519,749	2,262,019
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1,952,222	1,651,829
Goods and services	5	465,388	461,637
Interest and rent on land	6	10,224	25,120
Aid assistance	3	6,734	7,962
Total current expenditure		2,434,568	2,146,548
Transfers and subsidies			
Transfers and subsidies	8	7,447	19,327
Total transfers and subsidies		7,447	19,327
Expenditure for capital assets			
Tangible capital assets	9	56,051	70,383
Total expenditure for capital assets		56,051	70,383
Payments for financial assets	7	3,940	419
TOTAL EXPENDITURE		2,502,006	2,236,677
SURPLUS/(DEFICIT) FOR THE YEAR		17,743	25,342
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		13,262	13,147
Departmental revenue and NRF Receipts	2	2,757	11,157
Aid assistance	3	1,724	1,038
SURPLUS/(DEFICIT) FOR THE YEAR		17,743	25,342



National Prosecuting Authority - Vote 23
Statements of Financial Position as at 31st March 2011

	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		209,895	138,185
Fruitless and wasteful expenditure	10	24	2,844
Cash and cash equivalents	11	195,099	122,272
Prepayments and advances	12	1,377	335
Receivables	13	13,084	12,125
Aid assistance receivable	3	311	609
TOTAL ASSETS		209,895	138,185
LIABILITIES			
Current liabilities		204,480	134,601
Voted funds to be surrendered to the Revenue Fund	14	13,262	13,147
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	310	6,980
Payables	16	184,954	109,237
Aid assistance repayable	3	1,002	-
Aid assistance unutilised	3	4,952	5,237
TOTAL LIABILITIES		204,480	134,601
NET ASSETS		5,415	3,584
Represented by:			
Recoverable revenue		5,415	3,584
TOTAL		5,415	3,584



National Prosecuting Authority - Vote 23
Statement of Changes in Net Assets for the year ended 31st March 2011

	2010/11 R'000	2009/10 R'000
Recoverable revenue		
Opening balance	3,584	3,378
Debts raised	1,831	206
Closing balance	5,415	3,584
TOTAL	5,415	3,584



National Prosecuting Authority - Vote 23
Cashflow Statement for the year ended 31st March 2011

	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,519,749	2,262,019
Annual appropriated funds received	1	2,508,534	2,241,862
Departmental revenue received	2	2,757	11,157
Aid assistance received	3	8,458	9,000
Net (increase)/decrease in working capital		76,536	109,351
Surrendered to Revenue Fund		(22,574)	(45,824)
Surrendered to RDP Fund/Donor		(709)	(2,715)
Current payments		(2,434,568)	(2,146,548)
Payments for financial assets		(3,940)	(419)
Transfers and subsidies paid		(7,447)	(19,327)
Net cash flow available from operating activities	17	127,047	156,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(56,051)	(70,383)
Net cash flows from investing activities		(56,051)	(70,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1,831	206
Net cash flows from financing activities		1,831	206
Net increase/(decrease) in cash and cash equivalents		72,827	86,360
Cash and cash equivalents at beginning of period		122,272	35,912
Cash and cash equivalents at end of period	18	195,099	122,272



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 1 of 2010.

I. Presentation of the Financial Statements

I.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.

I.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.

I.3 Rounding

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

I.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.

I.5 Comparative figures - Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

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

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

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.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable 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 amounts 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 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.

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 Salaries and wages

Salaries and wages 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 of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the Statement of Financial Performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than



50% of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees 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 of each year).

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

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

Payments made during the year 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.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

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

3.4 Payments for financial assets

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 Fruitless and wasteful expenditure

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

3.7 Irregular expenditure

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

4. Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

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

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

4.4 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.



4.5 Capital assets

4.5.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register 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 RI.

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

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" 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.

4.5.2 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 RI 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 assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

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 probable 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.

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 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

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. Net Assets

6.1 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.

7. Related party transactions

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

8. Key management personnel

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



National Prosecuting Authority - Vote 23
Notes to the Annual Financial Statements for the year ended 31st March 2011

1. Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2010/11			2009/10
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
National Prosecuting Authority	2,508,534	2,508,534	-	2,241,862
TOTAL	2,508,534	2,508,534	-	2,241,862

2. Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	2.1	857	1,114
Interest, dividends and rent on land	2.2	349	253
Transactions in financial assets and liabilities	2.3	1,551	9,384
Transfer received	2.4	-	406
Departmental revenue collected		2,757	11,157

2.1 Sales of goods and services other than capital assets

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services produced by the department	2		
Sales by market establishment		49	114
Other sales		808	1,000
Sales of scrap, waste and other used current goods			
TOTAL		857	1,114

2.2 Interest, dividends and rent on land

	Note	2010/11 R'000	2009/10 R'000
Interest	2	349	253
TOTAL		349	253

2.3 Transactions in financial assets and liabilities

	Note	2010/11 R'000	2009/10 R'000
Stale cheques written back	2	-	4
Other Receipts including Recoverable Revenue		1,551	9,380
TOTAL		1,551	9,384



2.4 Transfers received

	Note	2010/11 R'000	2009/10 R'000
Public corporations and private enterprises	2	-	406
TOTAL		-	406

3. Aid assistance

3.1 Aid assistance received in cash from other sources

	2010/11 R'000	2009/10 R'000
Local		
Opening Balance	(609)	(609)
Revenue	609	-
Expenditure	-	-
Current	-	-
Capital	-	-
Transfers	-	-
Prepayments	-	-
Surrendered to the donor	-	-
Closing Balance	-	(609)

Foreign		
Opening Balance	257	1,727
Revenue	7,849	9,000
Expenditure	(6,706)	(7,755)
Current	(6,706)	(7,755)
Surrendered to the donor	(709)	(2,715)
Closing Balance	691	257

3.2 Aid assistance received in cash from CARA Fund

	2010/11 R'000	2009/10 R'000
Opening Balance	4,980	5,187
Revenue	-	-
Expenditure	(28)	(207)
Current	(28)	(207)
Transferred to retained funds	-	-
Closing Balance	4,952	4,980



3.3 Total assistance

	2010/11 R'000	2009/10 R'000
Opening Balance	4,628	6,305
Revenue	8,458	9,000
Expenditure	(6,734)	(7,962)
Current	(6,734)	(7,962)
Surrendered / Transferred to retained funds	(709)	(2,715)
Closing Balance	5,643	4,628

3.4 Analysis of balance

	Note	2010/11 R'000	2009/10 R'000
Aid assistance receivable			
Other sources		(311)	(609)
Aid assistance unutilised			
Other sources		-	257
CARA Fund		4,952	4,980
Aid assistance repayable			
Other sources		1,002	-
Closing balance	Annex ID	5,643	4,628

4. Compensation of employees

4.1 Salaries and Wages

	2010/11 R'000	2009/10 R'000
Basic salary	1,364,627	1,170,403
Performance award	23,205	23,479
Service Based	806	667
Compensative/circumstantial	10,082	11,133
Other non-pensionable allowances	329,152	249,394
TOTAL	1,727,872	1,455,076

4.2 Social contributions

	2010/11 R'000	2009/10 R'000
Employer contributions		
Pension	169,121	147,877
Medical	55,067	48,771
Bargaining council	162	105
TOTAL	224,350	196,753
TOTAL COMPENSATION OF EMPLOYEES	1,952,222	1,651,829
Average number of employees	4,691	4,632



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Notes to the Annual Financial Statements for the year ended 31st March 2011

5. Goods and services

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		1,772	1,535
Advertising		5,211	4,955
Assets less than R5,000	5.1	769	11,439
Bursaries (employees)		1,829	1,729
Catering		1,507	1,537
Communication		34,070	40,210
Computer services	5.2	29,320	56,685
Consultants, contractors and agency/outsourced services	5.3	116,308	78,888
Entertainment		20	138
Audit cost – external	5.4	6,238	4,849
Fleet services		9,196	-
Inventory	5.5	8,382	20,999
Operating leases		34,920	16,018
Owned and leasehold property expenditure	5.6	68,797	75,326
Transport provided as part of the departmental activities		133	-
Travel and subsistence	5.7	81,009	87,448
Venues and facilities		6,086	7,042
Training and staff development		3,142	3,577
Other operating expenditure	5.8	56,679	49,262
TOTAL		465,388	461,637

5.1 Assets less than R5,000

	Note	2010/11 R'000	2009/10 R'000
	5		
Tangible assets			
Machinery and equipment		769	11,439
TOTAL		769	11,439

5.2 Computer services

	Note	2010/11 R'000	2009/10 R'000
	5		
SITA computer services		1,661	10,823
External computer service providers		27,659	45,862
TOTAL		29,320	56,685



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Notes to the Annual Financial Statements for the year ended 31st March 2011

5.3 Consultants, contractors and agency/outsourced services

	Note	2010/11	2009/10
	5	R'000	R'000
Business and advisory services		71,959	28,076
Infrastructure and planning		2,359	3,170
Legal costs		22,963	28,962
Contractors		2,160	3,501
Agency and support/outsourced services		16,867	15,179
TOTAL		116,308	78,888

5.4 Audit cost – External

	Note	2010/11	2009/10
	5	R'000	R'000
Regularity audits		6,238	4,849
TOTAL		6,238	4,849

5.5 Inventory

	Note	2010/11	2009/10
	5	R'000	R'000
Learning and teaching support material		717	1,812
Food and food supplies		223	156
Fuel, oil and gas		-	9,318
Other consumable materials		554	959
Maintenance material		280	171
Stationery and printing		6,608	8,577
Medical supplies		-	6
TOTAL		8,382	20,999

5.6 Property payments

	Note	2010/11	2009/10
	5	R'000	R'000
Municipal services		445	511
Property management fees		51,761	49,726
Other		16,591	25,089
TOTAL		68,797	75,326

5.7 Travel and subsistence

	Note	2010/11	2009/10
	5	R'000	R'000
Local		79,255	84,450
Foreign		1,754	2,998
TOTAL		81,009	87,448



5.8 Other operating expenditure

	Note	2010/11	2009/10
	5	R'000	R'000
Professional bodies, membership and subscription fees		1,839	81
Resettlement costs		5,626	4,739
Other		49,214	44,442
TOTAL		56,679	49,262

6. Interest and rent on land

	2010/11	2009/10
	R'000	R'000
Interest paid	10,224	25,120
TOTAL	10,224	25,120

7. Payments for financial assets

	Note	2010/11	2009/10
		R'000	R'000
Debts written off	7.1	3,940	419
TOTAL		3,940	419

7.1 Debts written off

	Note	2010/11	2009/10
	7	R'000	R'000
Nature of debts written off			
Staff Debt written off		701	419
Debt written off related to Irregular Expenditure		13	-
Debt written off related to Fruitless and Wasteful Expenditure		2,617	-
Over expenditure related to Donor project amount not recovered		609	-
TOTAL		3,940	419

The IT Equipment, Sale and Lease back transaction included an amount of R 4,951,066.72 in respect of insurance. The forensic investigation could not prove that the NPA received value for money in this regard. Subsequently the NPA requested a legal opinion on the possibility of recovering the amount. It was indicated that the possibility of recovery of this amount is remote and constitutes a loss. Please see note 12.



8. Transfers and subsidies

	Note	2010/11 R'000	2009/10 R'000
Departmental agencies and accounts	Annex IA	1,826	1,181
Households	Annex IB	5,621	18,146
Total		7,447	19,327

Unspent funds transferred to the above beneficiaries

9. Expenditure for capital assets

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		56,051	70,383
Buildings and other fixed structures	31.1	14,723	21,046
Machinery and equipment	29.1	41,328	49,337
Total		56,051	70,383

9.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Buildings and other fixed structures	14,723	-	14,723
Machinery and equipment	41,328	-	41,328
Total	56,051	-	56,051

9.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid Assistance R'000	Total R'000
Tangible assets			
Buildings and other fixed structures	21,046	-	21,046
Machinery and equipment	49,337	-	49,337
Total	70,383	-	70,383



10. Fruitless and wasteful expenditure

10.1 Reconciliation of fruitless and wasteful expenditure

	2010/11 R'000	2009/10 R'000
Opening balance	2,844	2,844
Less: Amounts condoned	(270)	-
Current	(270)	-
Less: Amounts transferred to receivables for recovery	(2,550)	-
Fruitless and wasteful expenditure awaiting condonement	24	2,844

The NPA engaged a service provider that reviewed all cases of fruitless and wasteful expenditure. As a result of this report, a decision was taken to write off fruitless and wasteful expenditure in the amount of R 2,5m.

Analysis of awaiting condonement per economic classification		
Current	24	2,844
Total	24	2,844

11. Cash and cash equivalents

	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account	194,922	122,113
Cash on hand	158	159
Cash with commercial banks (Local)	19	-
Total	195,099	122,272

12. Prepayments and advances

	2010/11 R'000	2009/10 R'000
Travel and subsistence	207	335
Prepayments	1,170	-
Total	1,377	335

The previous year's amount for prepayments has been restated. The amount of R 19,210m related to the Sale and Lease of IT equipment was removed. The amount was never received by the NPA but was utilised to reduce the cost of the equipment over the period of the lease. Also see note 7.1.



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Notes to the Annual Financial Statements for the year ended 31st March 2011

13. Receivables

	Note	2010/11			Total R'000	2009/10 Total R'000
		Less than one year R'000	One to three years R'000	Older than three years R'000		
		Claims recoverable	13.1			
	Annex 3	49	-	-	49	515
Recoverable expenditure	13.2	-	20	40	60	220
Staff debt	13.3	2,465	3,370	6,820	12,655	11,085
Other debtors	13.4	67	125	128	320	305
TOTAL		2,581	3,515	6,988	13,084	12,125

13.1 Claims recoverable

	Note 13	2010/11 R'000	2009/10 R'000
National departments		49	515
TOTAL		49	515

13.2 Recoverable expenditure (disallowance accounts)

	Note 13	2010/11 R'000	2009/10 R'000
Sal: Disallowance Account: CA		60	64
Disallowance Miscellaneous		-	156
TOTAL		60	220

13.3 Staff debt

	Note 13	2010/11 R'000	2009/10 R'000
Debt Account: CA		12,330	10,740
Sal: Tax Debt: CA		30	285
Private Telephone		11	42
Sal: Reversal Control		281	-
Irregular Expenditure: Dept Vote Account		-	13
Sal: Medical Aid		3	4
Sal: Official Unions		-	1
TOTAL		12,655	11,085

13.4 Other debtors

	Note 13	2010/11 R'000	2009/10 R'000
VAT Clearing		320	305
TOTAL		320	305



14. Voted funds to be surrendered to the Revenue Fund

	2010/11 R'000	2009/10 R'000
Opening balance	13,147	40,414
Transfer from Statement of Financial Performance	13,262	13,147
Paid during the year	(13,147)	(40,414)
Closing balance	13,262	13,147

15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	2010/11 R'000	2009/10 R'000
Opening balance	6,980	1,233
Transfer from Statement of Financial Performance	2,757	11,157
Paid during the year	(9,427)	(5,410)
Closing balance	310	6,980

16. Payables – current

	Note	2010/11 R'000	2009/10 R'000
Clearing accounts	16.1	184,954	109,175
Other payables	16.2	-	62
TOTAL		184,954	109,237

16.1 Clearing accounts

	Note	2010/11 R'000	2009/10 R'000
Sal: Reversal Control	16	-	15
Sal: Pension Fund		1,644	222
Sal: Income Tax		7,445	1,291
Sal: ACB Recalls		72	16
Sal: Pension Debt CA		-	20
Disallowance Miscellaneous		175,793	107,611
TOTAL		184,954	109,175

16.2 Other payables

	Note	2010/11 R'000	2009/10 R'000
Claims: PACE (IJS)	16	-	62
TOTAL		-	62



17. Net cash flow available from operating activities

	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance	17,743	25,342
Add back non cash/cash movements not deemed operating activities	109,304	131,195
(Increase)/decrease in receivables – current	(959)	3,810
(Increase)/decrease in prepayments and advances	(1,042)	472
(Increase)/decrease in other current assets	2,820	-
Increase/(decrease) in payables – current	75,717	105,069
Expenditure on capital assets	56,051	70,383
Surrenders to Revenue Fund	(22,574)	(45,824)
Surrenders to RDP Fund/Donor	(709)	(2,715)
Net cash flow generated by operating activities	127,047	156,537

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

	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account	194,922	122,113
Cash on hand	158	159
Cash with commercial banks (Local)	19	-
TOTAL	195,099	122,272



These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

		Note	2010/11 R'000	2009/10 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 2A	2,343	2,553
Claims against the department		Annex 2B	178,458	337,038
Other departments (interdepartmental unconfirmed balances)		Annex 4	-	2,200
TOTAL			180,801	341,791

Housing loan Guarantees amount for the prior year has been restated according to PERSAL report 7.11.15 from R 3,881m to R 2,553m. Included in the Claims against the department is an estimated amount of R 24m related to curator expenditure which payment is dependent on the outcome of current cases before the court. The prior year figure for Claims against the state was restated from R 280,687m to R 337,038m because of the inclusion of the curator expenditure liability.

19.2 Contingent assets

	2010/11 R'000	2009/10 R'000
Nature of contingent asset		
Labour Court Ruling	506	2,205
TOTAL	506	2,205

20. Commitments

	2010/11 R'000	2009/10 R'000
Current expenditure		
Approved and contracted	82,340	66,623
Approved but not yet contracted	-	-
	82,340	66,623
Capital expenditure		
Approved and contracted	17	348
Approved but not yet contracted	-	-
TOTAL COMMITMENTS	82,357	66,971



21. Accruals

			2009/10 R'000	2010/11 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	16,837	-	16,837	23,092
Interest and rent on land	89	-	89	304
Transfers and subsidies	6	-	6	3
Capital assets	31	-	31	21
Other	-	-	-	-
TOTAL	16,963	-	16,963	23,420

	2010/11 R'000	2009/10 R'000
Listed by programme level		
Public Prosecution	2,803	5,808
Office for Witness Protection	1,960	2,449
Asset Forfeiture Unit	259	1,437
Support Services	11,941	13,726
TOTAL	16,963	23,420

	Note	2010/11 R'000	2009/10 R'000
Confirmed balances with other departments	Annex 4	66	75
TOTAL		66	75

22. Employee benefits

	2010/11 R'000	2009/10 R'000
Leave entitlement	58,194	67,020
Service bonus (Thirteenth cheque)	49,055	43,262
Performance awards	29,868	26,929
Capped leave commitments	113,577	105,009
Other	15,655	17,382
TOTAL	266,349	259,602

Included in the leave entitlement is a negative pro-rata leave balance amounting to R 5,077,689.56 (2009/10: R 2,423,509.47)



23. Lease commitments**23.1 Operating leases expenditure**

	Specialised military equipment	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2010/11					
Not later than 1 year	-	-	2,716	-	2,716
Later than 1 year and not later than 5 years	-	-	630	-	630
Later than five years	-	-	-	-	-
TOTAL LEASE COMMITMENTS	-	-	3,346	-	3,346

	Specialised military equipment	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2009/10					
Not later than 1 year	-	-	2,563	-	2,563
Later than 1 year and not later than 5 years	-	-	2,696	-	2,696
Later than five years	-	-	-	-	-
TOTAL LEASE COMMITMENTS	-	-	5,259	-	5,259

23.2 Finance leases expenditure

	Specialised military equipment	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2010/11					
Not later than 1 year	-	20,816	12,773	8,854	42,443
Later than 1 year and not later than 5 years	-	27,749	50,402	3,391	81,542
Later than five years	-	-	10,630	-	10,630
Total lease commitments	-	48,565	73,805	12,245	134,615
LESS: finance costs	-	(4,607)	(14,100)	(875)	(19,582)
TOTAL PRESENT VALUE OF LEASE LIABILITIES	-	43,958	59,705	11,370	115,033



	Specialised military equipment	Vehicles	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2009/10					
Not later than 1 year	-	23,930	7,675	13,849	45,454
Later than 1 year and not later than 5 years	-	54,319	41,773	16,845	112,937
Later than five years	-	-	20,759	-	20,759
Total lease commitments	-	78,249	70,207	30,694	179,150
LESS: finance costs	-	(10,558)	(18,375)	(3,118)	(32,051)
TOTAL PRESENT VALUE OF LEASE	-	67,691	51,832	27,576	147,099
LIABILITIES					

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	2010/11 R'000	2009/10 R'000
Opening balance	560,786	450,540
Add: Irregular expenditure – relating to prior year	15,184	-
Add: Irregular expenditure – relating to current year	61,098	164,810
Less: Amounts condoned	(134,013)	(54,564)
Less: Amounts recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	503,055	560,786
Analysis of awaiting condonation per age classification		
Current year	61,098	164,810
Prior years	441,957	395,976
TOTAL	503,055	560,786

A service provider was appointed in order to assist the NPA with the Irregular Expenditure as disclosed in the 2009/10 Annual Financial Statements. The service provider submitted their final report during December 2010. NPA management is in the process of implementing the recommendations made in the report. The item irregular expenditure - relating to prior year to the amount of R 15,184m consists of two amounts (Participation in irregular DoJ&CD tender (R 13,599m) and accommodation lease (R 1,585m)) that were identified during the current year.

24.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Noted Cases	Awaiting recommendation from investigation.	199
Lease of building in Kimberley	Request condonement.	4,058
Cost of living adjustment (below SMS)	Increase not timeously approved. Condonation received on 16th of March 2011.	36,410
Participation in irregular DoJ&CD Tender	Condonation requested	11,036
Acting Allowances	Condonation requested from DPSA.	1,438
Accommodation leases	Condonation requested	2,012
Extension of lease equipment with no prior approval	Referred for further investigation	4,971
Software purchased without NT approval	Referred for further investigation	974
TOTAL		61,098



24.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2010/11 R'000
Cost of Living Adjustment	Minister of the Department of Justice and Constitutional Development	118,331
Overtime paid without a policy	DG Department of Justice and Constitutional Development	15,682
TOTAL		134,013

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2010/11 R'000	2009/10 R'000
Opening balance	1,392	1,232
Fruitless and wasteful expenditure – relating to prior year	1,969	14
Fruitless and wasteful expenditure – relating to current year	668	158
Less: Amounts condoned	-	-
Less: Amounts transferred to receivables for recovery	(98)	(12)
Fruitless and wasteful expenditure awaiting condonement	3,931	1,392

The bulk of the total fruitless expenditure relates to an employee that was on suspension for an extended period (current year expenditure: R 321, prior year's expenditure R 1,875m).

25.2 Analysis of awaiting condonation per economic classification

	2010/11 R'000	2009/10 R'000
Current	3,931	1,392
Capital	-	-
TOTAL	3,931	1,392

25.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Flight and Hotel cancellations	Investigation took place and R 1,180 was recovered.	3
Motor car accident repairs	Waiting for accident report for indication from whom to recover the expense.	242
No shows	Investigation took place, R 7,407 was recovered.	23
Traffic fines	R 935 was recovered.	79
Official suspended with pay	Official resigned. IMU to investigate the delay in finalising this matter.	321
TOTAL		668



26. Related party transactions

	2010/11	2009/10
	R'000	R'000
Payments made		
Goods and services	11,014	16,349
TOTAL	11,014	16,349

	2010/11	2009/10
	R'000	R'000
Other		
Employee compensation for Ex DSO officials seconded to SIU	1,812	1,726
TOTAL	1,812	1,726

This expenditure relates to Ex DSO officials that have been transferred to the SIU following the closure of the DSO. The expenditure represents:

The NPA is a programme (Programme 4) on the vote of the Department of Justice and Constitutional Development. The relevant Executive Authority is the Minister for Justice and Constitutional Development. As such the NPA transacts with entities falling under this vote on a regular basis. These transactions are not necessarily conducted at arm's length as most services are rendered on a no-cost or recovery basis. The entities include the Family Advocate, State Attorneys, State Law Advisers, Master of the High Court, Office for the Control of Interception and Monitoring of Communication, South African Human Rights Commission, Commission on Gender Equality, Magistrate's Commission, President's Fund, Board of Sheriffs, Rules Board for the Labour Court, Equality Review Committee, Debt Collectors' Council, Public Protector, Criminal Assets Recovery Committee, Represented Political Parties' Fund, Rules Board for Courts of Law, Judicial Service Commission, South African Law Reform Commission, Special Investigating Unit, Legal Aid Board and the NCPS.

The transfer to the State Attorney is on a reimbursement basis for legal expenditure incurred on behalf of the NPA.

27. Key management personnel

	No. of	2010/11	2009/10
	Individuals	R'000	R'000
Officials:			
Level 15 to 17	17	21,065	17,563
Level 14 (incl. CFO if at a lower level)	12	11,716	7,120
TOTAL		32,781	24,683

This expenditure represents the EXCO and MANCO members on salary level 14 or higher.

28. Impairment and other provisions

	2010/11	2009/10
	R'000	R'000
Other provisions		
Staff debt	6,827	4,101
Curator expenditure	21,816	-
TOTAL	28,643	4,101



29. Movable Tangible Capital Assets

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

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	13,451	51,885	29,517	1,071	93,783
Transport assets	-	-	-	-	-
Computer equipment	376	42,359	27,096	108	69,723
Furniture and office equipment	9,406	2,978	1,238	53	13,569
Other machinery and equipment	3,669	6,548	1,183	910	10,490
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	13,451	51,885	29,517	1,071	93,782

The NPA undertook an extensive exercise to determine the completeness and the correct asset values of the assets in the asset register. Adjustments to the prior year balance in the Annual Financial Statements were made in order to bring the financials in line with the opening balance of the revised asset register.

29.1 Additions

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

	Cash R'000	Non- cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	41,328	17,972	(29,783)	-	29,517
Transport assets	11,307	-	(11,307)	-	-
Computer equipment	25,237	17,449	(15,590)	-	27,096
Furniture and office equipment	1,238	-	-	-	1,238
Other machinery and equipment	3,546	523	(2,886)	-	1,183
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	41,328	17,972	(29,783)	-	29,517

Computer Equipment finance lease assets to the value of R 13,127m were purchased at residual value after a settlement agreement was reached with the service provider.



29.2 Disposals

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

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	-	1,071	1,071	-
Computer equipment	-	108	108	-
Furniture and office equipment	-	53	53	-
Other machinery and equipment	-	910	910	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1,071	1,071	-

29.3 Movement for 2009/10

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	10,586	2,865	-	13,451
Computer equipment	135	241	-	376
Furniture and office equipment	8,048	1,358	-	9,406
Other machinery and equipment	2,403	1,266	-	3,669
TOTAL MOVABLE TANGIBLE ASSETS	10,586	2,865	-	13,451

29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	50,536	-	50,536
Curr Year Adjustment to Prior Yr Balances	-	-	-	8,324	-	8,324
Additions	-	-	-	4,674	-	4,674
Disposals	-	-	-	(2,612)	-	(2,612)
TOTAL MINOR ASSETS	-	-	-	60,922	-	60,922

The NPA undertook an expensive exercise to determine the completeness and the correct asset values of the assets in the Asset Register. Adjustments to the prior years balance in the Annual Financial Statements were made in order to bring the financials in line with the opening balance of the revised Asset Register.



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Disclosure Notes to the Annual Financial Statements for the year ended 31st March 2011

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of RI minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	45,286	-	45,286
TOTAL NUMBER OF MINOR ASSETS	-	-	-	45,286	-	45,286

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor assets	-	-	-	50,536	-	50,536
TOTAL	-	-	-	50,536	-	50,536

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of RI minor assets	-	-	-	8,735	-	8,735
Number of minor assets at cost	-	-	-	32,023	-	32,023
TOTAL NUMBER OF MINOR ASSETS	-	-	-	40,758	-	40,758

30. Intangible Capital Assets

30.1 Movement for 2009/10

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
CAPITALISED DEVELOPMENT COSTS	9,342	-	(9,342)	-
COMPUTER SOFTWARE	24,679	-	(24,679)	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	5,986	-	(5,986)	-
TOTAL INTANGIBLE CAPITAL ASSETS	40,007	-	(40,007)	-

The NPA does not own the source codes for the software purchased. These items are therefore classified as current expenditure and subsequently removed from the asset register.



31. Immovable Tangible Capital Assets

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

	Opening balance R'000	Curr Year		Disposals R'000	Closing Balance R'000
		Adjust- ments to prior year R'000	Additions R'000		
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-	-
Other fixed structures	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-	-

31.1 Additions

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

	Cash R'000	Non- cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	14,723	-	(14,723)	-	-
Other fixed structures	14,723	-	(14,723)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	14,723	-	(14,723)	-	-



31.2 Movement for 2009/10

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	30,393	-	(30,393)	-
Other fixed structures	30,393	-	(30,393)	-
TOTAL IMMOVABLE TANGIBLE ASSETS	30,393	-	(30,393)	-

The amount of R 30,393m was erroneously included as NPA asset in the previous year's financial statements and has been adjusted.



National Prosecuting Authority - Vote 23

Annexures to the Annual Financial Statements for the year ended 31st March 2011

ANNEXURE 1A STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				Actual Transfer R'000	TRANSFER % of Available funds Transferred %	2009/10 Appro- priation Act R'000
	Adjusted Appro- priation	Roll Overs	Adjust- ments	Total Available			
	R'000	R'000	R'000	R'000			
Safety and Security Sector SETA	1,826	-	-	1,826	1,826	100	1,415
	1,826	-	-	1,826	1,826	100	1,415

ANNEXURE 1B STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				Actual Transfer R'000	EXPENDITURE % of Available funds Transferred %	2009/10 Appro- priation Act R'000
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available			
	R'000	R'000	R'000	R'000			
Transfers							
Social Benefits	5,507	-	-	5,507	5,507	100	18,147
Other Transfers (Claims against the State)	114	-	-	114	114	100	-
TOTAL	5,621	-	-	5,621	5,621		18,147



ANNEXURE 1C
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Received in cash			
Financial Standards Board (FSB)	Funds donated to cover the expense for outside counsel	-	406
Subtotal		-	406
Received in kind			
Pricewaterhousecoopers (PWC)	Various donations	-	2
Brand SA	200 Flags, caps and vuvuzelas	-	10
Gedeon	Bus hire	-	2
Various	Donations received below R 1,001	13	15
Harvard Training Institute	4 Notepads	11	-
Coca Cola	FIFA world cup tickets	5	-
Ridge Casino	Video Equipment	3	-
Cape Tow Bar	Toys and clothing	2	-
Cyber	IPad	5	-
Computerware	Govtech Gifts	3	-
USAID	Various items for the Thuthuzela Care Centres	805	-
IJS Project Assets	IJS project	2,876	-
Subtotal		3,723	29
TOTAL		3,723	435



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Annexures to the Annual Financial Statements for the year ended 31st March 2011

ANNEXURE 1D
STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDI-	CLOSING
		BALANCE		TURE	BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Assistance to SA Government to prevent and react to human trafficking	(24)	4,876	5,163	(311)
Foundation for Human Rights	Implementation of the recommendations of the TRC	(609)	609	-	-
Royal Danish Commission (UNICEF)	Ndabezzitha Project	281	2,973	2,252	1,002
CARA	To assist in various projects managed by NPA Business Units	4,980	-	28	4,952
Subtotal		4,628	8,458	7,443	5,643
Received in kind					
UNICEF	Child and woman's protection through prevention and response to violence and HIV/AIDS	25,503	16,583	11,969	30,117
US Presidency	Support of PEPFAR: Thuthuzela Care Centres	7,705	-	1,363	6,342
USAID	Women Justice and Empowerment Initiative	78,830	-	25,531	53,299
Subtotal		112,038	16,583	38,863	89,758
TOTAL		116,666	25,041	46,306	95,401

The donor funding figure in respect of USAID was exchanged from US dollar to ZAR. The average exchange rate used was R 7,21.



ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED
AS AT 31 MARCH 2011 - LOCAL

Guarantor institution	Guarantee in respect of Housing	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
		-	986	-	94	-	892	-	-
ABSA		-	13	-	-	-	13	-	-
BOE Bank		-	103	-	-	-	103	-	-
First National Bank (FNB)		-	254	-	64	-	190	-	-
First Rand Bank		-	140	-	18	-	122	-	-
Nedbank		-	352	-	30	-	322	-	-
Nedbank Limited		-	111	30	-	-	141	-	-
NP Development Corporation		-	207	-	27	-	180	-	--
Old Mutual Finance limited		-	11	-	-	-	11	-	-
People's Bank		-	316	81	88	-	309	-	-
Standard Bank		-	-	-	-	-	-	-	-
Ithala Unique		-	60	-	-	-	60	-	-
Nedcor Investment		-							
	TOTAL	-	2,553	111	321	-	2,343	-	-

The opening balance of the Financial Guarantees (Housing Guarantees) has been restated as per PERSAL report (7.11.15 - State Guarantee Liability)



ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Fleet Management	78,529	-	-	-	78,529
Occupation Specific Dispensation (OSD)	151,535	59,369	181,287	-	29,617
Outstanding Lawsuits (SS, OWP, PCLU)	45,050	-	784	-	44,266
Outstanding Lawsuits (AFU)	54,392	6,523	34,869	-	26,046
Pending Employee Relations Matters	2,741	-	2,741	-	-
Special Investigators cost of living 1 July 2009	2,932	-	2,932	-	-
SMS NPA Act (Level 13 and 14) cost of living 1 January 2010	1,859	-	1,859	-	-
TOTAL	337,038	65,892	224,472	-	178,458

The opening balance for Fleet Management is restated to R 78,529m (2009/10: R 80,000m).

The item Outstanding Lawsuits was split into two in order to reflect the AFU contingent liabilities on its own. The opening balance for Lawsuits (AFU) was restated to R 54,392m (2009/10: R 1,500m).

This amount represents possible curator expenditure liability dependant on the outcome of court cases.

The opening balance for Lawsuits (SS, OWP and PCLU) was restated to R 45,050m (2009/10: R 40,120m).



National Prosecuting Authority - Vote 23
Annexures to the Annual Financial Statements for the year ended 31st March 2011

ANNEXURE 3
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000	31/03/2011 R'000	31/03/2010 R'000
Department						
Department of Home Affairs	-	14	-	-	-	14
Department of Justice and Constitutional Development	-	-	-	64	-	64
Department of Transport	-	-	-	22	-	22
Department of Defence	-	-	-	2	-	2
Department of Transport: KZN	-	-	-	360	-	360
Department of Water Affairs	-	30	-	-	-	30
Department of Education: GP	-	-	-	9	-	9
South African Police Service (SAPS)	-	-	-	10	-	10
Department of Education: KZN	11	-	-	-	11	-
Department of Agriculture: GP	10	-	-	-	10	-
Department of Health: Mpumalanga	-	-	6	-	6	-
Department of Health: GP	-	-	22	-	22	-
Subtotal	21	44	28	467	49	511
Other Government Entities						
North West Province	-	-	-	1	-	1
Office of the Public Protector	-	-	-	3	-	3
Subtotal	-	-	-	4	-	4
TOTAL	21	44	28	471	49	515



National Prosecuting Authority - Vote 23
Annexures to the Annual Financial Statements for the year ended 31st March 2011

ANNEXURE 4
INTER-GOVERNMENT 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						
Current						
Department of Agriculture	-	11	-	-	-	11
Department of Public Works, Roads and Transport: MP	-	21	-	-	-	21
Department of Health: GP	-	-	-	1	-	1
South African Police Service (SAPS)	-	-	-	131	-	131
Department of Transport and Public Works	-	-	-	1,673	-	1,673
Department of Justice and Constitutional Development	-	-	-	75	-	75
Department of International Relations and Cooperation	-	-	-	80	-	80
Department of Correctional Services	-	43	-	-	-	43
Department of Agriculture: Free State	43	-	-	-	43	-
Department of Economic Development: Northern Cape	17	-	-	-	17	-
National Treasury	6	-	-	-	6	-
TOTAL	66	75	-	1,960	66	2,035

OTHER GOVERNMENT ENTITY						
Current						
Public Administration Leadership and Management Academy	-	-	-	230	-	230
South African Social Security Agency	-	-	-	10	-	10
TOTAL	-	-	-	240	-	240



ANNEXURE 5
INVENTORY

Inventory	Note	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance			5,338		20,537
Add/(Less): Adjustments to prior year balance			-		(20,353)
Add: Additions/Purchases – Cash			8,382		20,999
(Less): Issues			(8,891)		(15,845)
Add/(Less): Adjustments			(4)		-
Closing balance			4,825		5,338

