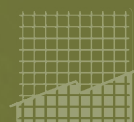


Statistics South Africa
Annual report 2001/02



Statistics South Africa
Private Bag X44
Pretoria 0001
South Africa

170 Andries Street
Pretoria 0002

User information service: (012) 310-8600
Fax: (012) 310-8500
Main switchboard: (012) 310-8911
Fax: (012) 322-3374

Website: www.statssa.gov.za
E-mail: info@statssa.gov.za

Statistics South Africa
Annual report 2001/02

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2002

Pali Lehohla
Statistician-General

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Part 1

General information

Submission of the annual report to the executive authority

Mr T Manuel
Minister of Finance

I have the honour to submit the annual report of Statistics South Africa for the period 1 April 2001 to 31 March 2002.



PJ Lehohla
Statistician-General

Introduction by the Head of the Institution

Eighteen months into the job, I can reflect with joy and a sense of satisfaction on what we have achieved. This has been a trying period for all of us and we can appreciate the saying 'no pain no gain'. The eighteen months have been action-packed, the major events being creating and launching the national statistics system, planning and conducting Census 2001, implementing a training programme for statistics, reviewing the quality of economic statistics and improving the business register, responding to new information needs for the Integrated Sustainable Rural Development Programme, and designing and implementing a new organisational structure. We have remained aggressively output focused, while moving towards a competency-based and sustainable organisation.



Pali Lehohla
Statistician-General

In February 2001, we set out a vision for the organisation with four main areas of focus. First was setting a framework for the national statistics system (NSS); second, providing a framework for leadership and statistical advocacy; third, adopting a total quality management approach; and fourth, implementing the agenda for change.

A major task that confronted the organisation at the same time as we took these initiatives forward was planning and running Census 2001. A lot of energy was expended in this area, leaving very limited time and organisational energy for the other main areas I have mentioned. Despite these massive challenges, the field operations phase was successfully brought to a conclusion and the results of this mammoth operation are due in April 2003. I wish to thank everyone, in particular the public (the suppliers of information), who opened their doors to a team of dedicated enumerators. You can be assured that we will hand back the results as soon as they are available.

A by-product of the census is a new master sample for our household surveys, based on the mapping of Census 2001 enumeration areas. Other research institutions are also making use of this sampling frame.

William Thomson (1824-1907) said *"when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind. It may be the beginning of knowledge, but you have scarcely, in your thoughts, advanced to the stage of science."* The national statistics system, a means of measurement and monitoring adopted by the Cabinet Lekgotla of January 2002, is currently being implemented. Never has information been at the heart of policy as it is currently, thanks to the adoption of a planning framework by government. This brings the NSS under pressure to deliver on development indicators and measure state performance. The NSS constitutes the ears and eyes of policy makers, the public and international partners.

Providing leadership and statistical advocacy this year earned us a seat at the United Nations Statistics Commission of the Economic and Social Council. At their first sitting as a member, Statistics South Africa was elected to bear the office of Rapporteur. Furthermore, at the same sitting Statistics South Africa was nominated to be co-chair of PARIS21 (Partnership in statistics for development in the 21st Century). Our role as a SADC focal point for the 2000 Round of Censuses earned us the responsibility to co-host a workshop on the continuation of the practice of a ten-yearly census.

While failure signals room for improvement, Edward Simmons (1852-1931) said “*The difference between failure and success is doing a thing **nearly** right and doing it **exactly** right.*” Our passion for quality should progressively put us in the league of the views of Edward Simmons. We have identified and implemented three quality pilot projects as the basis for adopting quality throughout the organisation. This ethos is contagious and has also found a welcoming host in census processing.

Quality sessions and meetings are held regularly to continuously probe and ask uncomfortable questions about the quality of our outputs. Important steps have been taken to improve the quality of our statistical products, especially through updating and expanding the samples and sample frames.

The agenda for change puts people first, and as an organisation we adopted the motto 'quality through people'. Five areas were identified that required development. These are people, systems and processes, leadership and management, environment and culture, and finally organisational design. ODeTT, the Organisational Design Task Team, has been responsible for monitoring implementation of these commitments.

Concerning environment and culture, we are moving to an open-plan office in August 2002. This reflects the culture we wish to inculcate, the culture of a learning organisation, where sharing is the norm and respect for people reigns supreme. We acknowledge that creating good ideas is not a monopoly of management or leadership, but creating a stimulating environment for ideas and appropriating them correctly is the role of leadership and management. The monthly report to staff from the SG has greatly enhanced internal communication. The new organisation is being implemented and a fully-fledged strategy document with programmes has now been unveiled.

I can look back with justification that we have collectively made the first eighteen months of my thirty-six month tenure a success. I thank you.



Pali Lehohla
Statistician-General

Vision and mission statement

Statistics South Africa's vision is:

the increased use of quantitative evidence to make and evaluate policy decisions which advance South Africa's socio-economic development.

The mission of the department is:

to co-ordinate, collect, process, analyse and disseminate statistics in support of economic growth, socio-economic development, and promotion of democracy and good governance.

Legislative mandate

In the Statistics Act (6 of 1999), the role of Stats SA is defined as providing statistical information to organs of state, businesses, other organisations and the general public for planning, decision-making, monitoring and assessment of policies.

Further, Stats SA is to:

- promote co-ordination among statistical producers in South Africa in order to advance the quality, consistency, comparability and optimum use of official statistics and to avoid unnecessary duplication;
- provide statistical advice to government departments; and
- liaise with the statistical agencies of other countries.

Part 2

Programme performance

Overview

Voted Funds

Appropriated by vote 12	R776 million
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Responsible Minister: Minister of Finance
Accounting Officer: Statistician-General

Aim of the vote

Statistics South Africa aims to provide timely, accurate and accessible official statistics to inform economic growth, development and democratic governance in South Africa through the provision of high quality statistical information and the development of a national statistics system.

Key objectives

Stats SA has the following key objectives:

1. To promote coordination among producers, users and suppliers of statistics in South Africa in order to improve the relevance, quality and consistency of official statistics and prevent duplication.
2. To provide statistical information to government and other users to aid decision-making.

Strategic overview and key policy developments in the year under review

During the year under review Stats SA made substantial progress in its transformation from being purely a producer of statistical information to becoming the hub of a national statistics system. The main ingredients of this movement are:

- building the national statistics system, and
- promoting quality through people.

These strategic goals are to be realised through a restructured organisation.

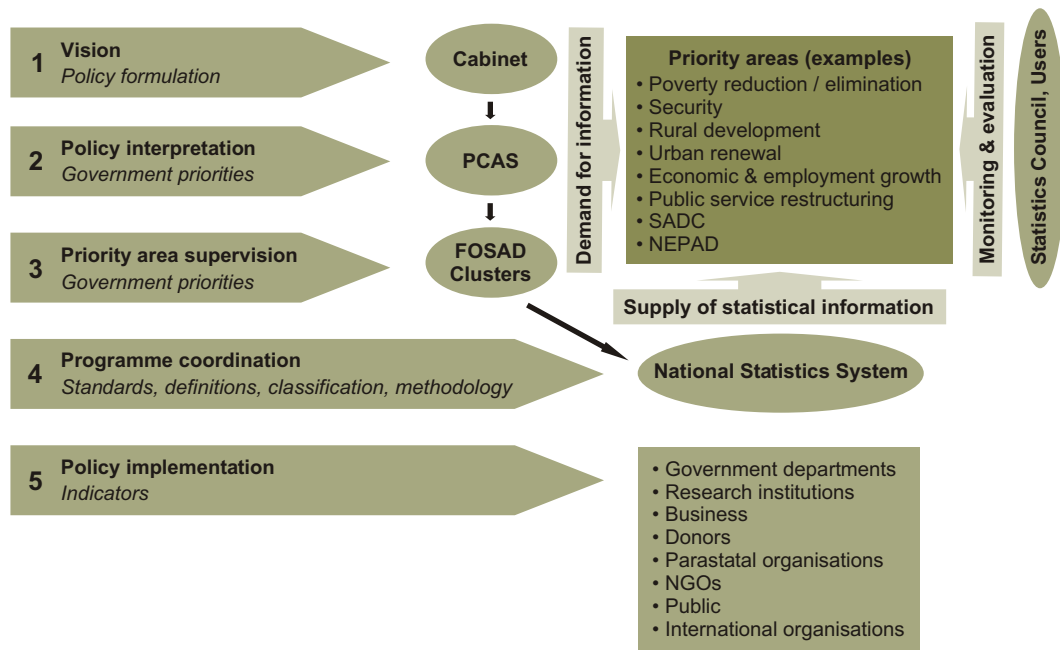
National statistics system

The beginnings of building the capacity to coordinate the national statistics system has been marked by the appointment of five senior managers within the Statistician-General's office. With this added capability, two workshops were held with participation from a wide range of national and provincial departments. The first workshop focused

on statistical capacity building while the second explored the role and elements of the national statistics system.

National Statistics System

Institutional Framework for Policy, Information and Planning



Quality through people

Quality in economic statistics

Significant progress was made during the year towards improving the quality of certain statistical series. In this regard, the focus was on economic statistics. Through enhancements to the business register and the subsequent drawing of new samples, a more robust process to cover the whole economy more effectively is underway. A workshop to explore quality issues in economic statistics, featuring several international speakers, was held at the beginning of the year under review.

Quality management

A programme based on total quality management principles was initiated and three pilot projects are being implemented. The projects focus on:

- the business frame (improving the quality and usability of the frame)
- household surveys (creating a credible sampling frame for generating quality results)
- recruitment (a process to improve both the turnaround time from recruitment to appointments and the quality of people appointed).

Statistics Sweden supported the programme by sending several short-term expert TQM missions to Stats SA, some of whom addressed a workshop on Quality in Statistics where practical experiences from different countries were presented.

The programme will increase in scope during 2002, with further pilot projects being identified and additional staff members being trained in TQM principles.

Statistical capacity building

In order to ensure that South Africa produces quality statistics on a sustained basis, a programme of building statistical capacity was started during the year. A total of 23 Stats SA staff members enrolled for diploma and post-graduate courses in official statistics at two statistical training institutes in East Africa. A further one staff member was awarded a scholarship to pursue a PhD in Demography at Pennsylvania University in the USA through a collaboration with the African Census Analysis Project (ACAP).

In addition, a Statistics in Action course and SAS programming courses were run internally. A MasterMaths programme has been introduced for staff members who need to develop competency in maths for further career prospects.

The next year will see a further batch of students registering at the East African institutions while discussions continue locally for options to ensure proper coverage of training in official statistics.

Organisational restructuring

In order to facilitate the development of the national statistics system and ensure sustained quality through development of people, Stats SA decided to review its organisational structure. The recognition of the need to restructure coincided with the promotion of the department to schedule one of the Public Service Act. This change in status necessitated a revamp of the management echelon.

Objectives

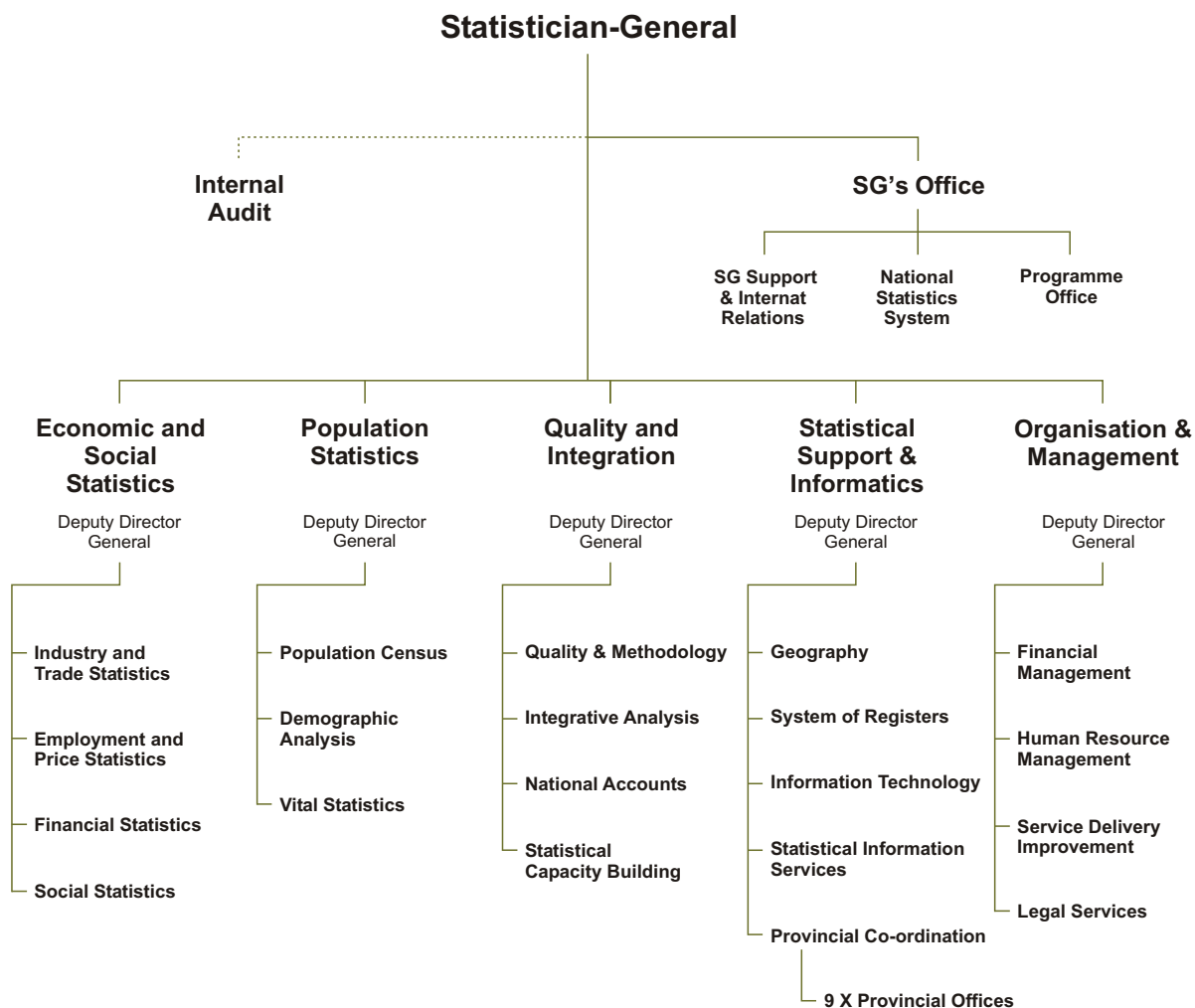
The new structure, which is to be implemented at the beginning of the 2002/03 financial year, was designed with the following aims in mind:

- improved efficiency and staff development opportunities. This has resulted in a flatter structure;
- improved strategic management capacity to ensure that the organisation meets users' needs;
- enhanced integrative processes such as project management to eliminate the 'silo' effect;
- revised job categories to promote professionalism in the organisation; and
- a refocus on creating capabilities to implement key strategic themes such as the NSS, quality, and capacity building.

Process

A cross-functional organisational development task team (known as ODeTT) was established late in 2000 with a wide-ranging mandate to examine transformation issues within Stats SA. One of its primary tasks was to design a new organisational structure. Several workshops and individual consultations were held with senior and middle managers, out of which evolved a new set of work areas, and specific structures within each work area. The strategic level of the structure was approved by Minister Manuel in April 2001, and the final structure was approved by the management team during March 2002. Regular communication with all staff took place through electronic updates and general staff meetings. A placement team was established to oversee the placement of all staff from the old structure to the new. The restructuring process adhered to the following key principles:

- no job losses as a result of the restructuring process;
- deployment in terms of skills and competencies;
- application for higher level positions through recruitment process; and
- compliance with the labour legislation.



Outcome

The design of the new structure is illustrated above. The objective of a flatter structure and promoting staff development was achieved through redesigning the organisational job categories. The 16 prescribed remuneration levels have been mapped to seven occupational categories. These are:

- Statistician-General – the head of the department;
- deputy directors-general – the strategic level of leadership;
- executive managers – the link between strategy and operations;
- managers – the operational level of management;
- professionals – produce specific outputs;
- statistical and administrative support – perform routine functions in statistical or support areas; and
- general office support – including manual tasks.



Statistics South Africa senior management team

Standing from left to right:

Sydney Molefe, Patrick Kelly, Motale Phirwa, Akiiki Kahimbaara, Calvin Molongoana, Alfonso Fanoë, Risenga Moluleke, Jairo Arrow, Ashwell Jenneker

Seated from left to right:

Joe de Beer, Sharthi Laldaparsad, Pali Lehohla, Des Booysens, Ros Hirschowitz

Absent: Gugu Gule, Xoli Kunene, Annette Myburgh, Patrick Naidoo

Summary of programmes

During 2001/02 Stats SA was organised into four programmes. These are:

Programme 1 – Administration, which provides executive, financial, human resource and information technology management in support of the statistical operations.

Programme 2 – Statistical services, which provides a range of economic, social and demographic statistical information to users sourced from surveys and administrative records.

Programme 3 – Population census, which conducts the population census every five years in order to provide comprehensive small area social and demographic statistics. A population census was conducted in 2001.

Programme 4 – Auxiliary services, which provides administrative support to the South African Statistics Council and manages the marketing trading account.

The content programmes will change with the restructuring of the department and this is therefore the last time that the annual report will be organised in this way. However, the programme structure has been retained for financial purposes for the 2002/03 year.

Programme 1

Administration

The programme aims to conduct the overall management and administration functions of the department through strategy and planning capacity to the Statistician-General, human resource management, financial management, internal audit and information technology management.

key policy developments

Flowing from Stats SA's strategic philosophy of 'quality through people', the development of human capacity was the key development area for programme one. In addition to the statistical capacity building programmes described above, significant time was invested in improving management, IT and personal effectiveness skills.

At an operational level, much of the focus of programme one was the support of Census 2001. While certain support functions for the census were outsourced, Stats SA's finance, HR and IT departments devoted considerable time and expertise to ensuring the success of the project.

Human resource management

Personnel relations

A unit to cater for employee assistance was created in Stats SA to foster and maintain the well-being and productivity of employees by providing confidential assistance to those who are experiencing personal or work-related problems. The service will be not only curative, but also preventative in that workshops will be held to educate employees and assist managers to manage employees with personal and work-related problems.

Employment equity

The Affirmative Action programme is in the final stage of consultation. This process started with road shows on the employment equity process.

The Census Disability Partnership Project trained and employed 74 people with disabilities, albeit on a temporary basis. The Department of Labour provided the funding for training from the skills development fund. People with disabilities were also utilised in the CensusAtSchool and the capturing of causes of death projects. A collaborative approach to selection, recruitment, placement and training was accompanied by an audit of the accessibility and ergonomics of the sites and workstations. In these projects, the disabled employees worked on data capture and editing. They were also trained to be in supervisory positions and to provide administrative support in the form of controlling the flow of paper between different sites and functions.

Census 2001

The success of the different census operations depended on the right number and quality of people being available in the right place and at the right time. Critical census HR functions were provided by the department's HR section. These services included recruitment and terminations, verification of information, employee benefit administration, labour relations and policy development. The network of 95 regional census offices was utilised to provide this integrated HR service.

Remuneration

Significant progress was made in advancing the principle of equal pay for equal work through the introduction of a policy to manage compensation of overtime work, and the grading of 200 jobs, mainly in the administrative and statistical support area.

Restructuring

Members of the Human Resources Management component participated in the task team on organisational restructuring. Human resource information provided by the section was critical to ensure that every staff member was properly placed in the new structure.

Human resource development

The Management Development Programme (MDP) started with workshops for senior managers and has been cascaded down to middle management levels. Diversity workshops were run for practically every section in order to advance Stats SA's employment equity goals. Workshops on teambuilding and project management were also conducted and introductory statistics and survey courses were presented.

An important focus of HRD activities is enhancing the skills base of lower level employees. To this end, workshops on assertiveness were held and a course on financial life skills was offered.

Following the restructuring of the organisation, HRD is planning to find new ways of supporting new sections with different responsibilities. The section is analysing training and development needs and assessing courses to ensure more focused and relevant training. New courses to be offered will focus on strategic organisational areas such as statistical training and quality improvement projects.

Finance and provisioning

Support to Census 2001

The finance and provisioning section developed all of the finance and procurement policies implemented during the census. The section also managed all tendering and financial management and administration systems for the census operation. Administration occurred through the decentralised census infrastructure of 93 regional offices.

A significant achievement of this undertaking was accounting for most of the cash expenditure that took place at regional level by the end of the 2001/02 financial year.

Despite the massive burden of the census operation, the section was still able to maintain a satisfactory level of service to the rest of the organisation. This was largely possible through the use of contract staff. However, the employment of contract staff for routine functions results in high turnover and substantial investment in training and retraining.

Provincial finance capacity

The administrative activities of the census and the ongoing regular field surveys indicated a need to decentralise some of the procurement and financial activities. A start in this regard was made by the appointment of a financial assistant director at each provincial office prior to the collection of the census information. The medium-term aim is to have a core of skilled individuals in the provisioning and financial areas when the next census is undertaken.

Move to a new building

A new head office premises was identified and a project plan for managing the move was developed. The implementation of this plan without significant disruption to the work programme will be a major challenge for the section in the next reporting period as the new building is renovated and all sections in head office are moved.

Capacity development

In order to ensure compliance with the PFMA regulatory framework, and to enhance operational effectiveness, staff from finance and provisioning attended training courses on a range of topics.

Risk management and financial reporting

Stats SA runs projects that span the entire length and breadth of the country, such as the census and household surveys. This poses a logistical nightmare and exposes the organisation and its management structures to high levels of risk. There is an urgent need to address risks associated with financial management systems, logistics and resource scheduling, costing and assets. Policies will be developed in the next year to tackle the most pressing of these. In addition, financial reporting systems will be improved to link actual to planned expenditure.

Internal audit

In terms of the Internal Audit Charter and the Public Finance Management Act, 1999 (PFMA), the scope of work for the internal audit is to determine whether Stats SA's network of risk management, internal control systems and governance structures, as designed by management, are adequate to avoid errors, fraud and other losses to Stats SA.

For the year under review, internal audit conducted the following activities:

- auditing various control systems and submitting reports identifying weaknesses and recommending improvements at all levels of the organisation;
- advising management, where necessary, on controls to be put in place, as well as on corporate governance issues;
- an in-depth audit on various aspects relating to internal controls and financial systems of Census 2001, through audits on IT systems and all census offices, as well as forensic investigations on certain reported irregularities; and
- implementation of a fraud prevention plan and fraud hotline.

The internal audit plan for 2002/03 will focus on in-depth investigations through performance audits and, if necessary, forensic investigations in an attempt to identify the underlying issues that affect the control environment within Stats SA.

Information technology

Capacity building

Ensuring that all staff are able to use the technology deployed within the department is an important priority for IT. A total of 520 users were trained in introductory computer skills and desktop applications. A further 53 IT personnel were trained in more sophisticated applications and programming techniques.

Systems applications

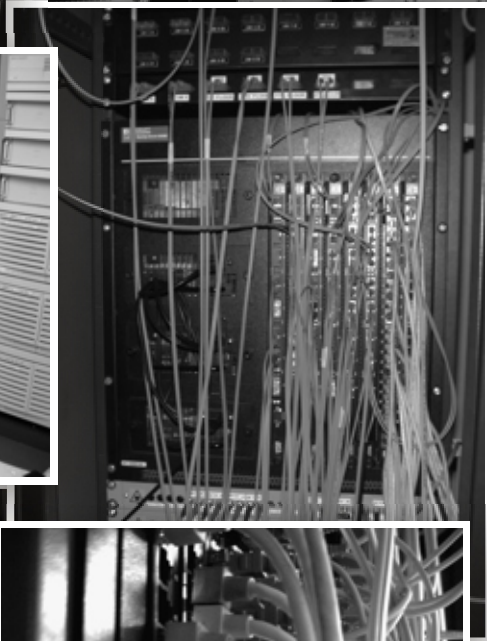
Over twenty different systems were developed and maintained to support census and survey work and administrative functions. This is in addition to the programming support located directly within the survey sections.

Upgrades

The e-mail system was successfully upgraded to GroupWise version 6, resulting in a faster, more reliable service. E-mail can now be securely accessed via the Internet. Corporate upgrading to Windows 2000 and Office 2000 has been delayed due to technical problems with the software. All licensing agreements are in place pending the upgrade. The telephone system was upgraded to allow enhanced telecommunications functionality as well as improved reporting.

User support

The helpdesk plays a key role in the management of user problems. In excess of 7000 support calls were handled during the period.



Stats SA's file server room

Support to Census 2001

A complete IT infrastructure was installed and maintained for Census 2001. Using the Independent Electoral Commission's satellite network as a backbone, all 95 regional offices were connected and installed with five PCs. A census administration system, based on a programme devised by Statistics Sweden, was written and maintained by the consulting firm Accenture. The network was used for monitoring census progress as well as administrative functions such as financial control and recruitment. A Unix file server and temporary SAN environment were commissioned for the GIS activities.

Future plans

The move to the new building is the major new challenge for IT during the 2002/03. This is expected to cost R12 million over the next two years.

Driving IT dimensions of the NSS is to become a central element of the organisation's IT strategy. This will begin with improved web-dissemination of Stats SA's own products. In particular, IT will enable interactive capability over the web for Census 2001 data.

Strategy and planning

Strategy and planning focused on identifying strategic gaps in the organisation and working towards the establishment of the national statistics system. These activities were conducted through strategic and medium-term planning, internal and external communications, and international relations.

Strategy and communications

Support was provided to the restructuring process through the arrangement of general staff meetings and participation on the core restructuring team. This participation helped to ensure a strong linkage between the organisation's strategic goals and the new structure.

Stats SA's intranet was revamped during the year, allowing improved navigation and access to organisational knowledge. This upgrade will facilitate interactive database applications, which will reduce administrative time spent on processing forms for room bookings, leave applications, etc.

International relations

International technical assistance programmes with Sweden, Norway and Switzerland continued during the year. The Swedish programme provided support in the areas of household surveys, the business register, and quality management. Norway supported the gender project, and the time use survey in particular, while the Swiss funding of local government statistical capacity building came to an end.

USAID provided support to Census 2001 through the funding of short-term and long-term consultants from the US Census Bureau to assist with planning and data processing activities.

Programme 2

Statistical services

Statistical services represents the core business of the department and aims to produce high quality economic, social and demographic statistics to inform planning and decision-making in South Africa. The programme was implemented through three key areas:

- economic statistics and national accounts
- research and development, and the
- provincial offices.

Policy developments

A new development in Stats SA has been the focus on quality and implementation of the Statistics Act. In this regard all the products of the organisation are subjected to systematic quality measures and improvements. Through the NSS we are strengthening co-ordination of producers, users and suppliers of statistics. Quality is primarily improved through the enhancement of the sampling frames – the business register and the population census form the basis for these improvements and enhancements. Application of accepted methods, improvements in the sampling frames and discipline in execution of surveys allow improved statistical accuracy.

Stats SA constantly strives to respond to developing user requirements for data and information. Integrated projects such as the Integrated Sustainable Rural Development Strategy gave rise to the social development indicators survey. A range of different thematic reports have provided information on topics such as youth, education and gender.

Economic statistics

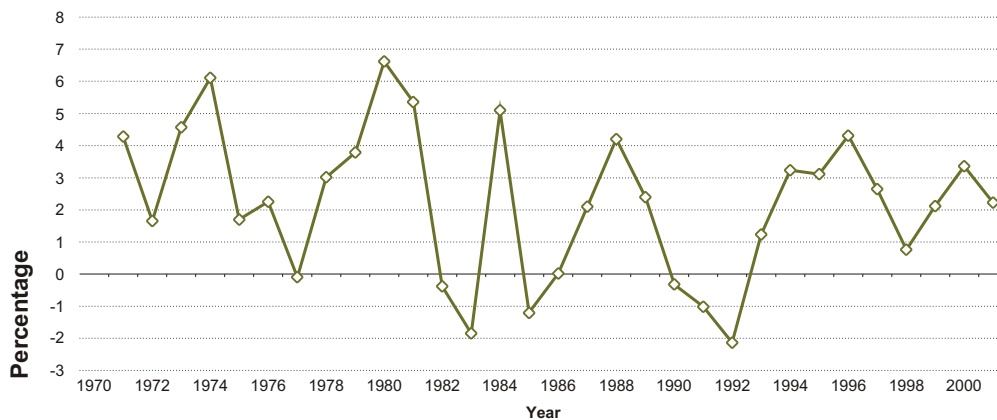
Publication of economic indicators

Monthly and quarterly production of the range of Stats SA's economic statistics continued during the year. There are approximately 30 different economic series published either monthly, quarterly or annually. Chief among these are the consumer and producer price indices, the gross domestic product and labour statistics.

Meeting international standards

In line with Stats SA's strategic thrust, significant steps were taken to improve the quality of key economic statistics. South Africa is the only African country to conform with the International Monetary Fund's (IMF) Special Data Dissemination Standards (SDDS), a key international quality benchmark. During the year, an IMF team reviewed and approved of the extent to which Stats SA meets the guidelines in the production of the National Accounts and price statistics.

Real annual economic growth rate: 1970 to 2001

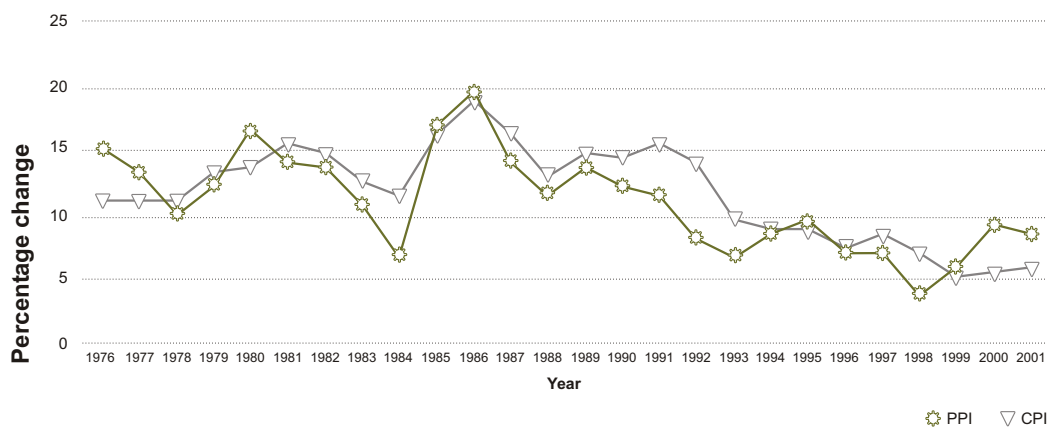


Source: SARB and Stats SA

Reweighting the CPI

A new 'basket of goods' for the consumer price index was introduced in January 2002. The revised basket is based on an analysis of the income and expenditure survey data. The updating of the basket adheres to international standards and ensures that the CPI more accurately reflects the actual price increases experienced by consumers.

Percentage change in the average annual production price and consumer price indices, 1976 to 2001



● PPI ▼ CPI

New samples drawn

Over the past few years Stats SA has been developing a new sampling frame for economic statistics. This sampling frame is based on VAT data, which is then recoded in order to serve as a sampling frame for economic statistics. The benefit of using this information is that it is constantly updated, facilitating more accurate samples and statistics.

The frame has now started to feed into surveys. The samples for three labour series have increased and new samples were drawn from the business frame for financial and transport statistics. The development of samples is essential to maintain quality standards. They must also be of adequate size to produce provincial or small area statistics.

Interdepartmental business register

Development continued of an interdepartmental business register that utilises the databases of the South African Revenue Service, the Department of Trade and Industry, the Department of Labour and Stats SA. This register will be an important means of ensuring that economic data produced by any role player adheres to a common set of standards. Following a feasibility study, a recommendation was made to establish a South African Register Centre. Go-ahead on this recommendation is expected in 2002/03.

Agriculture census

Stats SA will be conducting a census of commercial agriculture from August to October 2002. This project is being run on behalf of the Department of Agriculture. Results are expected in June 2004. The last census of commercial agriculture in South Africa was in 1993.

Research and development

Social development indicators survey

The first social development indicators survey, aimed at collecting baseline data for the 13 nodes targeted by the Integrated Sustainable Rural Development Programme (ISRDP), was conducted in October 2001. The methodology for the SDIS is based on an international survey called the Key Welfare Indicators Questionnaire (KWIQ). Use of this model promotes international comparability of social conditions. The results have been released and are being extensively used by the respective local governments in the nodal areas, the interdepartmental task team on the ISRDP and the Department of Local and Provincial Government. The report has been put on CD and has been delivered to users for general use.

Labour force survey

In September 2001, the employment data from the labour force survey (LFS) became the official source of employment statistics for South Africa. Previously, this information was obtained from the survey of employment and earnings, which only covered parts of the formal non-agricultural sector of the economy. Currently, we are improving the sampling frame so that employment information can be gathered with greater accuracy.

Other household surveys

A general household survey which will provide a range of social indicators for the country is planned for 2002. It is hoped that funding will be provided in future years to assess conditions in each district municipality on an annual basis.

Information collected on small and informal businesses, as part of the February 2001 LFS, will be published during 2002.

Tourism statistics

Improvements were made to the system of capturing tourism data obtained from the Department of Home Affairs. This has resulted in the improved timeliness of publishing information on the flow of tourists into and out of the country. The *Advance release of tourism statistics*, which had been developed to compensate for the delays, was therefore discontinued as a result of the improvements.

Causes of death statistics

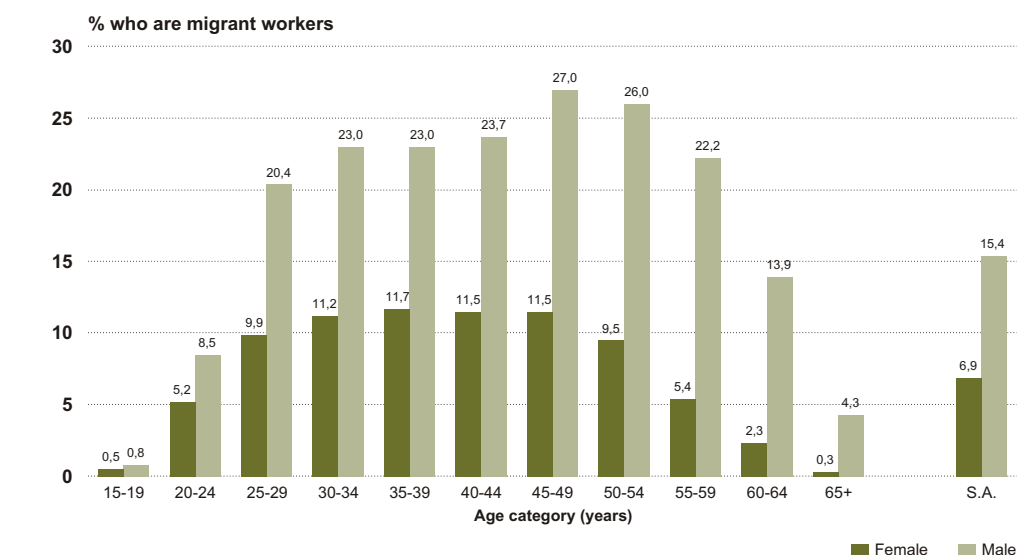
An *Advance release of recorded deaths, 1997-2000* was published in December 2001, making use of data obtained from the population register. This release showed a significant increase in recorded adult mortality over the past four years. In order to establish the causes of this increase, the Causes of Death Capture Project was launched on 1 March 2002. This project will analyse the causes of death as recorded on death certificates.

Analytical reports

A report entitled *South Africa in transition* was released, comparing living standards of South Africans between 1995 and 1999. The report was based on a comparative analysis of the October household survey from each of these years and has been widely used by policy makers and analysts in tracking the impact of government development programmes since the inception of democracy.

The results of the first national time use survey were released in August 2001. This survey produced data on the extent to which household members spend time on paid and unpaid productive and non-productive activities. The survey was funded by the Norwegian Development Agency.

Percentage of Africans aged 15 years or more who are migrant workers by age category and sex, October 1999



Source: OHS '99
Excluding unspecified

Illustration from *South Africa in transition, 2001*

Usual collectors of water and mean minutes per day spent on this activity, by distance from the source and sex

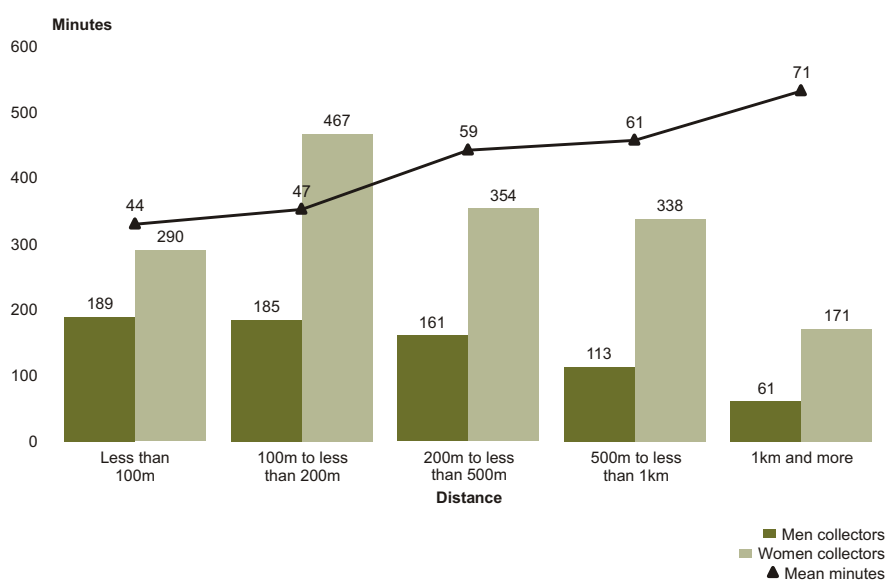


Illustration from *Time use in South Africa, 2001*

Two reports based on Census '96 data were published. The first, examining the situation of youth in the country, has formed the basis of policy development by the National Youth Commission. The second was on education.

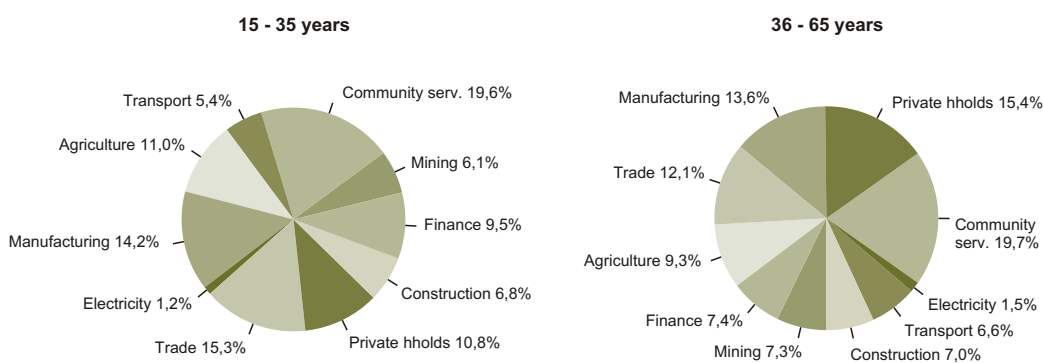
Substantial research on fertility, marital patterns and maternal mortality was conducted and the results were presented at a range of conferences and published in academic journals. This information will help shed light on, among other issues, the dynamics of HIV in South Africa.

A book entitled *After Robben Island: The demography of South Africa* is being written in partnership with the African Census Analysis Project at the University of Pennsylvania. This book will cover a variety of demographic themes pertaining to South Africa. Its release is due to coincide with the release of results from Census 2001 and as such the book will provide a reference point for this data.

Dissemination

Increasing use is now being made of the time series data accessible through Stats SA's website. A total of 3 349 subscribers use this service, with 56% of them being private sector users, 22% university based, and 5% in government.

Comparing employed people aged 15 to 35 years and 36 to 65 years in South Africa by industry



Source: Census '96
Excluding unspecified

Illustration from *The youth of South Africa, 2001*

Provincial offices

Provincial offices provide a statistical support service to line functions within Stats SA, and to users within each province. Much of the effort of provincial offices during the period under review was devoted to ensuring the implementation of the population census. With their unique appreciation of local conditions, provincial offices played a critical role in getting questionnaires to and back from every corner of the country. In addition to these responsibilities, provincial offices continued their work of providing a field service to household surveys. Four provincial offices completed the compilation of a provincial statistical profile. These are to be published during 2002/03.

Census 2001 ready to roll

Eight other SADC countries will also take part in October count

Sharp PPI rise increases risk of early interest rate hike

Inflation index rockets

Business Correspondent

PRODUCTION INFLATION leapt to levels not seen in more than a decade last month, increasing the risk of the Reserve Bank hiking interest rates early in the new year.

Bank points rose as prices of many goods and services rose sharply. The headline index rose 1.2% in March, the highest increase since 1992. The core index, which excludes volatile food and energy prices, rose 0.8%.

THE WEEK AHEAD Figure is key to determining interest-rate stability for year

May CPI expected to show increase

By [Name]

While it is certain to rise this year, the headline CPI figure for May is expected to show a significant increase, according to market analysts.

Inflation on the increase: Stats SA

Stats SA reported that the headline CPI rose 1.2% in March, the highest increase since 1992. The core index, which excludes volatile food and energy prices, rose 0.8%.

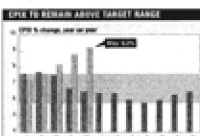
Production index rockets

The production index rose 1.2% in March, the highest increase since 1992. The core index, which excludes volatile food and energy prices, rose 0.8%.

Petrol, food prices top inflation drivers

Business Correspondent

INFLATION IN SOUTH AFRICA is being driven by a combination of factors, with petrol and food prices being the main culprits.



GDP growth 'good for SA recovery'

Business Correspondent

THE LATEST GDP GROWTH figures for South Africa are a positive sign for the country's economic recovery.



South Africa's GDP grew by 1.2% in the first quarter of 2001, indicating a steady recovery from the previous year's decline.

AROUND 90 PERCENT OF PEOPLE COUNTED

Census wraps up work in Province

By [Name]

THE 2001 CENSUS work in the Western Cape province has been completed, with around 90% of the population counted.

The census is a key tool for government planning and service delivery. It provides data on population size, distribution, and characteristics.

Retail sales data delights analysts

Business Correspondent

RETAIL SALES DATA for the first quarter of 2001 shows a strong recovery in consumer spending.

The retail sales index rose 1.2% in the first quarter, indicating a steady recovery from the previous year's decline.

The data shows that consumers are spending more on goods and services, which is a positive sign for the economy.

'Big count' vital to SA's development

Manuel launches Census 2001

By [Name]

MANUEL LAUNCHED THE 2001 CENSUS, emphasizing its importance for South Africa's development.

The census is a key tool for government planning and service delivery. It provides data on population size, distribution, and characteristics.

Production figures show a strong gain of 6.8%

Business Correspondent

THE PRODUCTION INDEX for the first quarter of 2001 shows a strong gain of 6.8%.

The production index is a key indicator of economic growth. It shows the output of goods and services produced in the country.

The country's chief economist says the government will be forced to extend the pensionable age and senior citizens asked to come out of retirement as the HIV/AIDS epidemic decreases the young and the economically active.



Manuel launches Census 2001

Consumer retail spree lifts hope for growth

Business Correspondent

CONSUMER RETAIL SPENDING has increased significantly, lifting hopes for economic growth.

The retail sales index rose 1.2% in the first quarter, indicating a steady recovery from the previous year's decline.

Getting into gear for Census 2001

Business Correspondent

THE CENSUS 2001 is well underway, with preparations for the count in progress.

The census is a key tool for government planning and service delivery. It provides data on population size, distribution, and characteristics.

Census to find out number of people in SA

Business Correspondent

THE 2001 CENSUS will provide a definitive count of the South African population.

The census is a key tool for government planning and service delivery. It provides data on population size, distribution, and characteristics.

The census is a key tool for government planning and service delivery. It provides data on population size, distribution, and characteristics.

South Africa's official unemployment rate on the rise

Business Correspondent

SOUTH AFRICA'S OFFICIAL UNEMPLOYMENT RATE has risen to 25.5% in the first quarter of 2001.

The unemployment rate is a key indicator of economic health. It shows the percentage of the population that is without work.

Manufacturing sector's growth slips

Business Correspondent

MANUFACTURING SECTOR GROWTH has slipped in the first quarter of 2001.

The manufacturing index rose 0.8% in the first quarter, indicating a steady recovery from the previous year's decline.

SA economy shows signs of recovery

Business Correspondent

THE SOUTH AFRICAN ECONOMY shows signs of recovery, with growth in key sectors.

The economy is showing signs of recovery, with growth in key sectors. The retail sales index rose 1.2% in the first quarter, indicating a steady recovery from the previous year's decline.

Outputs and service delivery trends: Programme 2

Outputs		Actual performance against targets	
		Quantity	
		Target	Actual
Economic statistics			
Sectoral economic statistics	Statistical releases on: Mining Production and Sales General Electricity Consumption Building Manufacturing, Production and Sales Retail Trade Sales Wholesale Trade Sales Motor Trade Sales Land Freight Transport Hotel Trade	12 releases for each series	12 releases for each series
Labour statistics	Quarterly releases on: Survey of Employment and Earnings (SEE) Survey of Average Monthly Earnings (AME) in selected industries Annual Survey of Employment by Occupation, Gender and Race (SEOGR)	4 releases 4 releases 1 report	4 releases 4 releases To be published in the second half of 2002
Financial statistics	Quarterly financial statistics survey Annual Economic Activity survey	4 releases 1 report	To be published in 2002 To be published in 2003
Price statistics	Consumer Price Index (CPI) Production Price Index (PPI) Building contracts adjustment indices (JBCC)	12 releases for each series	12 releases for each series
National accounts			
Supply and use tables Social accounting matrix	Supply and Use Table report Draft Social Accounting Matrix	1 per year 1 per period	1 report 1 draft developed
Environmental satellite accounts Gross Domestic Product (GDP) estimates	Development of a Natural Resource Account Quarterly GDP Annual GDP estimates	1 NRA published 4 releases per year 1 release	1 NRA published 4 releases per year 1 release
Analysis			
Time use statistics	Time Use Survey report	1 report	1 report and 1 pamphlet
Education statistics	Education in South Africa report	1 report	1 report
Youth statistics	The youth of South Africa report	1 report	1 report
Comparison of five years of October household surveys	South Africa in transition report	1 report	1 report

Outputs	Output performance measures/ service delivery indicators	Actual performance against targets	
		Quantity	
		Target	Actual
Government accounts			
Local government expenditure and financial statistics	Quarterly survey of remuneration and turnover of the district councils releases	4 releases	4 releases
	Quarterly statistics of local government finance releases	4 releases	4 releases
	Annual statistics of local government finance, one for the financial year ending 30 June 2000 and the other for the financial year ending 30 June 2001	2 releases	1 published; 1 expected in Sep 2002
	Annual financial census of local government institutions for the financial year ending 30 June 2002	1 report	Expected in Sep 2002
Classification of general government institutions	General government releases	5 releases	7 releases
Household surveys			
Labour statistics	Labour Force Survey statistical releases and databases	2 releases and 2 databases	3 releases and 3 databases
Social development statistics	Social Development Indicators Survey release	1 release	1 report
Vital statistics			
Deaths statistics	Annual report for 1997	1 report	To be published during 2002
Marriages and divorces statistics	Advance release of deaths, 1997-2000	1 release	1 release
	Annual report for 1999	1 report	To be published during 2002
Tourism and migration statistics	Publish 12 monthly releases on arrivals and departures	12 releases	12 releases
	Publish 1 Annual report on migration and 1 on tourism	2 reports	To be published during 2002
Children's statistics	Substantial contribution to 2 government reports on state of children	2 reports	2 reports
Research and development			
Cross-sectional statistical reports	Quarterly Bulletin of Statistics	4 reports	4 reports
	South African Statistics	1 report	1 report
	Stats in Brief	1 publication	To be published in Sept 2002

Programme 3

Population Census

The Statistics Act (6 of 1999) stipulates that a population census is to be held in South Africa in 2001 and every five years thereafter. The aim of the population census is to provide comprehensive small area information on the number and living situation of South Africans. Census information is used extensively within government and the private sector for planning and monitoring and as a baseline for other research.

The actual operation of a population census is a massive undertaking, with planning usually beginning a full five years in advance. At its peak, the census employs over 100 000 people, as well as relatively smaller numbers of people for varying periods in all the phases of planning, demarcation, enumeration, processing, analysis and dissemination.

Census 2001 sported several firsts for a census in South Africa. Geographical information provided the basis for all aspects of the census, including planning, monitoring of progress, and eventually dissemination of results. Scanning replaced manual capture in the processing of questionnaires, and census information will be available in an interactive format over the web at no cost to users.



GIS, demarcation and mapping

Demarcation divides the entire country into small enumeration areas (EAs) of approximately equal population size or household numbers. Mapping establishes and describes the EA boundaries. Mapping and demarcation use a geographical information system (GIS), which provides the overall spatial framework for the organisation and implementation of the census.

In total, this effort identified 81 000 EAs with associated descriptive attributes across the country and 180 000 A3 EA maps were printed to facilitate listing and enumeration. In addition, web mapping tools were developed to monitor enumeration.

Publicity

The publicity campaign began with the national Census 2001 launch in Parliament by the Minister for Finance, Mr Trevor Manuel, and was followed by provincial launches by the respective premiers.

The publicity campaign in support of Census 2001 was delivered through a number of integrated operations. These included

- a census publicity office located in head office,
- information and publicity officers in the provincial offices,
- a private-sector consortium led by Bairds Communications,
- a census call-centre and information resource centre, and
- the CensusAtSchool project.

The results of the campaign show that in excess of 95% of the population was willing to participate in the census.

Listing

Listing is the process whereby each dwelling in an enumerator area is identified prior to enumeration. This assists enumerators in finding the dwellings where households and individuals are residing. It also assists in quality control, to ensure that all households are reached by the enumerators. A further benefit of listing is that it facilitates identification of EAs that are too small or too large for one enumerator to manage in the time allocated.



EA map on cover of enumerator summary book



Census-takers used every possible means of transport to reach inaccessible areas

For various reasons the process of listing began late and was only completed shortly before enumeration was due to begin. While the lists assisted supervisor checks on the quality of coverage in each EA, listing was completed far too late to assist in identifying EAs that contained too many households for one enumerator to cover. Listing was also completed too late for it to be used as a basis for recruitment, an enumeration plan, or differential allocation of resources to regional offices based on the number of households to be enumerated in each region.

Enumeration

The deployment of the 100 000-strong army into the field started on 10 October 2001. The scheduled duration was 10-31 October but an extension of the period was necessitated by a late start in some areas. The census was immediately followed by a post-enumeration survey, geared to estimate the level of accuracy of the count.

Enumeration is logistically the largest and most complex aspect of census-taking. Its success is critically dependent on planning, integration, co-ordination, management, pre-listing, demarcation, mapping, training, publicity, logistics, and questionnaire design. Enumeration demonstrates what is central to all statistical agencies: that management and planning ultimately determine the quality of data gathered.

Some of the problems experienced in the field were:

- inaccessibility of homes in high-walled suburbs except for a small period of time in the early evening;
- no clear policy on how to act in respect of refusals, which led to uneven responses on the part of enumerators;
- confusion created by CensusAtSchool. While CensusAtSchool created additional publicity for Census 2001, some parents thought their children had been enumerated at school, and should therefore be excluded from census enumeration.

Processing

Transport of the completed questionnaires took place during November, and by December capturing and processing, using scanning technology, had begun. This was a much smoother transition than the nightmares of 1996. While scanning of the physical questionnaires is taking place in Pretoria, centres in Bloemfontein and Port Elizabeth are participating in the processing of the information. Some teething problems were experienced but processing has continued, and results are expected in April 2003.

The census generated much interest among the country's cartoonists



Outputs and service delivery trends: Programme 3

Outputs		Actual performance against targets	
		Quantity	
		Target	Actual
Operations			
Enumeration of the population	All enumerator areas covered	80 782 (total number of EAs)	74 655 (populated EAs)
GIS and mapping			
Geo-spatial census database	All enumerator areas covered in database	80 000	80 782
Processing*			
Census database	Scanning and editing of all questionnaires	10,7 million	10,3 million
Dissemination*			
Preparation of products	Results published in two years	October 2003	Scheduled for April 2003
Administration			
Personnel payment system	Number of field staff recruited and paid	100 000	104 000

*These aspects of the project will only be completed in 2002/03

Census@School

CensusAtSchool is an exciting initiative run collaboratively by Stats SA and the National Department of Education. It is aimed at enhancing statistical literacy in schools among both learners and teachers, and was also part of the publicity campaign to raise awareness of Census 2001. The project targeted learners between Grades 3 and 12, and collected basic information about them and their schools.

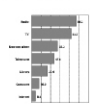
CensusAtSchool was officially launched on 18 September 2001 by the Ministers of Education and Finance, and was conducted in September and October 2001. All registered schools in the country participated as an educational exercise. A sample of 20% of these schools was then drawn, and the data on learners from this sample will be used for the analysis.

The results will be presented in a manner applicable to Curriculum 2005. A resource pack will be delivered to all schools in the country in 2003. Teachers will receive guidelines for the use of the data in the context of relevant Curriculum 2005 learning areas such as mathematics, geography, history, and science.

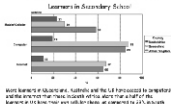
What do you have in your household?



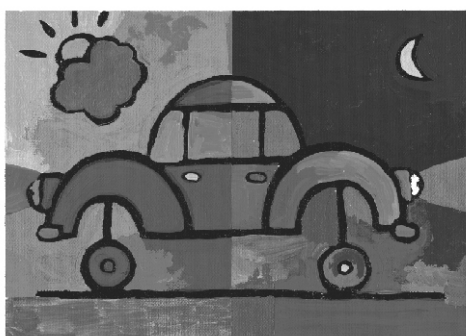
Access to Goods and Services at Home



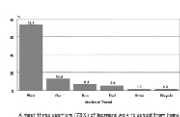
Access to Services in the Home



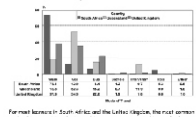
How do you travel to school?



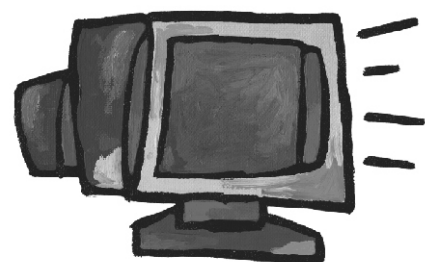
Travel to School from Home



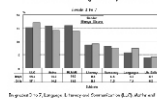
Modes of Transport to School from Home



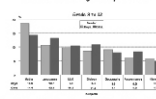
What is your favourite subject?



Favourite Subject by Gender



Favourite Subject by Gender



Programme 4

Auxiliary and associated services

The first South African Statistics Council established under the terms of the 1999 Statistics Act began its duties in January 2001. The members of Council are appointed by Cabinet, and their role is not only to advise the Minister, the Statistician-General and other organs of state that produce statistics, but also to promote and safeguard official statistics and the co-ordination of statistical activities. The Council met three times between January and March 2001, and has held five regular meetings in this financial year, and three special workshops to clarify how best to operationalise this role.

In attempting to fulfil the Council's 'watchdog' role, a number of sub-committees have been established to address particular issues. The census sub-committee monitored the planning and conduct of the 2001 census and is making plans for its review of the census results, as required by the Statistics Act. This committee met four times in the year 2001/02.

The economics and labour sub-committees have been examining the discrepancies between the survey of employment and earnings and the labour force survey. A new sub-committee has just been formed to monitor the establishment of the National Statistics System.

The Statistician-General's office has provided the secretariat for the Council and a representative of this office attends all meetings of the Council and its sub-committees.

Outputs and service delivery trends: Programme 4

Outputs	Output performance measures/ service delivery indicators	Actual performance against targets	
		Quantity	
		Target	Actual
Statistics Council			
Policy advice to Minister and Statistician-General	Council and sub-committee meetings	4 Council meetings 4 sub-committee meetings	8 Council meetings 6 sub-committee meetings

Part 3

Human resources

Summary of personnel costs and related information

Expenditure

Table 1.1: Personnel costs by programme, 2001/ 02

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Admin expenditure (R'000)	Professional and special services (R'000)	Personnel cost as % of total expenditure	Average personnel cost per employee (R'000)
1 Administration	53 029	24 002	14 587	6 616	45,26	107,00
2 Statistical services	100 081	57 905	23 123	8 095	57,86	125,00
3 Population census	741 391	78 204*	125 475	428 649	11,79	26,07
4 Auxiliary services	479	0	279	194	-	-
Total including census	894 980	160 111	163 464	443 554	38,29	86,19
Total excluding census	153 589	81 907	37 989	14 905	51,56	116,24

* This includes census workers on six-month contracts, but not the 100 000 people employed in October and November during enumeration, who are included under professional and special services. Moreover the total number of census employees fluctuated. The personnel cost as a percentage of total cost and average cost per employee are calculated on a weighted average of 3 000 employees.

The variance between the R894,980 million and the total expenditure of R903,401 million as reflected in the financial statements is the expenditure incurred on donor projects and special functions.

Table 1.2: Personnel costs by salary level, 2001/ 02

Salary levels	Personnel expenditure (R'000)
Salary levels 1-2	4 237
Salary levels 3-5	18 677
Salary levels 6-8	98 841
Salary levels 9-12	30 764
Salary levels 13-14	7 108
Salary levels 15-16	484
Total	160 111

Table 1.3: Overtime, allowances, and benefits by programme, 2001/ 02

Programme	Overtime		Allowances	
	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs
1 Administration	1 070	4,46	4 590	19,13
2 Statistical services	96	0,17	17 534	30,28
3 Population census	744	0,95	9 021	11,54
4 Auxiliary services	0	-	151	-
Total including census	1 910	1,19	31 296	19,55
Total excluding census	1 166	1,42	22 275	27,20

Table 1.4: Overtime, allowances, and benefits by salary level, 2001/ 02

Salary level	Overtime		Allowances	
	Amount (R'000)	% of personnel costs	Amount (R'000)	% of personnel costs
Salary levels 1-2	87	2,05	476	11,23
Salary levels 3-5	447	2,39	7 630	40,85
Salary levels 6-8	752	0,76	15 735	15,92
Salary levels 9-12	619	2,01	4 592	14,93
Salary levels 13-14	5	0,07	2 279	32,06
Salary levels 15-16	0	-	161	33,26
Total	1 910	1,19	30 873	19,28

Employment and vacancies

Table 2.1: Approved establishment by programme

Programme	Approved establishment	
	1 April 2001	31 March 2002
1 Administration	251	251
2 Statistical services	640	640
3 Population census	414	414
Total	1 305	1 305

Table 2.2: Employment and vacancies by programme, 31 March 2002

Programme	Establishment	Number of employees	Vacancy rate %	Additional to the establishment
1 Administration	251	224	10,76	1
2 Statistical services	640	462	27,81	7
3 Population census	414	264	36,20	0
Total	1 305	950	27,20	8

Table 2.3: Employment and vacancies by salary band, 31 March 2002

Salary band	Establishment	Number of employees	Vacancy rate %	Additional to the establishment
Salary levels 1-2	18	15	16,67	0
Salary levels 3-5	230	166	27,83	4
Salary levels 6-8	805	575	28,57	3
Salary levels 9-12	213	170	20,19	0
Senior management service	39	24	38,46	1
Total	1 305	950	27,20	8

Table 2.4: Employment and vacancies by critical occupation, March 2002

Critical occupations	Establishment	Number of employees	Vacancy rate %	Additional to the establishment
IT specialists	70	57	18,6	0
Economists	42	34	19,0	0
Statisticians	123	87	29,3	0
Total	235	178	24,3	0

Job evaluation

Table 3.1: Job evaluation, 1 April 2001 to 31 March 2002

	Establishment	Number of jobs evaluated	Posts upgraded	
			Number	% of total
Salary levels 1-2	18	0	0	0
Salary levels 3-5	230	16	15	7
Salary levels 6-8	805	182	102	13
Salary levels 9-12	213	2	2	1
Salary levels 13-14 (Professional)	0	0	0	0
Senior management service	39	0	0	0
Total	1 305	200	119	9

Table 3.2: Profile of employees absorbed in an upgraded post, 1 April 2001 to 31 March 2002

Beneficiaries	African	Asian	Coloured	White	Total
Female	63	2	2	72	139
Male	52	0	3	5	60
Employees with a disability*				1	1
Total	115	2	5	77	199

* Employees with disabilities are indicated separately, but are also included in the gender breakdown

Table 3.3: Remuneration levels that exceeded the grade determined by job evaluation, 1 April 2001 to 31 March 2002 (in terms of PSR V, C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Provisioning administration officer	1	6	7	*

* The incumbent, who was additional to the establishment, was appointed to this post before grading took place. The job is being enriched to ensure a higher grading.



AUDITOR-GENERAL

Report of the Auditor-General

*to Parliament on the Financial Statements of
Statistics South Africa - Vote 12 for the year ended 31 March 2002*

1. Audit assignment

The financial statements as set out on pages 60 to 84, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

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

An audit includes:

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

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

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

3. Qualification

3.1 Invalid expenditure in respect of professional and special services

As indicated in paragraph 3 of the management report, some 124 000 temporary staff were employed during the population census. The control measures that the department put in place to ensure that only valid payments were made to census field staff for work actually performed relied heavily on the supervisors, also of necessity temporarily employed, to certify the work and control the payments. The validity, accuracy and completeness of R249 million paid to enumerators which is included in note 6, survey allowances, (R298 million) could not be verified as the department could not submit sufficient records for example, applications or contracts.

The accuracy of income tax (R8 million) and regional services levies (R901 491) calculations on the above-mentioned payments could not be determined. The financial records available at the time did not permit the application of adequate alternative procedures to confirm the accuracy, validity and completeness of the amounts mentioned.

Neither the income tax nor the regional services council levies had been paid over to the South African Revenue Service or to the Regional Service Councils since the relevant reconciliations had not yet been completed. These non-payments may result in penalties and interest which may result in fruitless and wasteful expenditure.

3.2 Advances to provinces could not be verified

R25,4 million of the cash advances made to the provincial offices of the department for the purpose of cash payments to census field staff, was still unreconciled at year end. On 6 August 2002, R18,8 million was transferred from the Census bank account to the departmental Paymaster-General account decreasing the balance to R6,6 million.

As a result this unreconciled amount is not disclosed in the income statement but is included in the balance sheet under prepayments and advances (Note 15). Valid documentation supporting these prepayments could not be submitted for audit purposes. Accordingly, the validity, completeness and accuracy of these amounts could not be verified.

If this amount had been correctly disclosed as expenditure in the income statement, the budget would have been further exceeded. Treasury Regulation 17.1.3 also requires the accounting officer to certify in the monthly expenditure report that the forecast/projection for the remainder of the financial year adequately makes provision for all amounts not yet cleared from suspense accounts. No evidence indicating that adequate provision was made for the expenditure could be found in the monthly reports. Provision was also not made for the above amount in the estimates of expenditure for the 2002/03 financial year.

3.3 Personnel information not submitted for audit purposes

Seventy one percent of personnel files requested for employees, other than census field staff, whose services had been terminated could not be submitted for audit purposes. The accuracy of the final payments made to these personnel members could therefore not be verified.

All the required minimum information (application forms, ID documents, certified copies of all qualifications, letters of appointment) could not be found on the personnel files of the newly appointed employees. It was therefore not possible to verify whether these employees received salaries within the correct salary scales.

Furthermore, the existence of ghost employees was discovered subsequent to the audit. The impact thereof on the financial statements has not yet been established as the matter is still under investigation.

4. Disclaimer of audit opinion

Because of the significance of the matters referred to in paragraph 3, I do not express an opinion on the financial statements.

5. Emphasis of matter

Attention is drawn to the following matters:

5.1 Matters not affecting the financial statements

5.1.1 Unauthorised expenditure

As disclosed in the income statement and in note 11 the voted funds of the department for the financial year amounted to R776 million. Expenditure of R898 million was incurred resulting in unauthorised expenditure of R122 million.

This constituted non-compliance with section 39(2)(a) of the PFMA which requires the accounting officer to take effective and appropriate steps to prevent any overspending of the vote of the department.

R48 million of the R122 million was paid to census field staff. The validity, accuracy and completeness of the R48 million could not be verified as result of the limitation on scope as reported in paragraph 3.1.

5.1.2 Reasons for audit report being delayed

The annual financial statements for the year ended 31 March 2002 were submitted for audit purposes on 31 May 2002. In terms of section 40(1)(a) of the PFMA, it is the accounting officer's responsibility to keep full and proper records of the financial affairs in accordance with prescribed norms and standards. These records support the information contained in the annual financial statements and are used as supporting audit evidence.

Records to support the following amounts in the financial statements were requested on 18 June 2002 for audit purposes.

Administrative expenditure	R910 491
Professional and special services	R249,586 million

The alternative audit procedures agreed with the accounting officer could only be finalised on 22 August 2002, which resulted in me not being able to fulfil my reporting responsibility within the prescribed period which elapsed on 31 July 2002.

The evidence received did not, however, enable me to amend my audit opinion expressed in paragraph 4 above.

5.2 Computer audit

The following computer audits were completed during the period July 2001 to July 2002 and recommendations were in each instance brought to the attention of the accounting officer. At the time of compiling this report the comments of the accounting officer on the computer audit of the general controls within the information systems environment were not yet due. In his comments on the computer audit of the network security and system controls, dated 4 July 2002, the accounting officer referred to various corrective steps taken or actions envisaged to address the control weaknesses. The effectiveness of these steps and actions will be evaluated in due course.

5.2.1 Follow-up computer audit of the general controls within the information systems environment

The key findings arising from the follow-up audit indicated that some progress had been made in addressing the weaknesses identified during the previous audit (11 of the 23 weaknesses previously identified had been adequately addressed). However, the follow-up audit also indicated that although some controls were in place in the general control environment, adequate control measures had not been implemented throughout. Significant weaknesses were identified with regard to a lack of adequate password control, standards and change procedures. Furthermore, the security policy did not stipulate that empty port lines should be disconnected.

5.2.2 Computer audit of the network security and system controls

The key findings arising from the audit indicated that control weaknesses existed in the network security environment. Significant weaknesses were identified with regard to the lack of adequate configuration settings on the network servers, workstations and other devices as well as the display of excessive operating system information by means of server banners. The risk existed that unauthorised access could be obtained to the network.

6. Appreciation

The assistance rendered by the staff of Statistics South Africa during the audit is sincerely appreciated.



S Labuschagne
for Auditor-General

Pretoria
29/08/2002

Statement of accounting policies and related matters

for the year ended 31 March 2002

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. 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 for Departments and Constitutional Institutions issued in terms of the Act, as well as the Division of Revenue Act, Act 1 of 2001.

Basis of preparation

The financial statements have been prepared on the cash basis of accounting except where stated otherwise. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds, and no accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund.

Dividends received are recognised as revenue in the financial statements of the department; however, it is also recognised as an expense in the same year, as the dividends are paid over to the Revenue Fund.

Expenditure

Capital and current expenditure is recognised in the income statement when the payment is made. Interest paid is also recognised when paid and no accrual for interest is made between the payment date and the reporting date.

Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

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

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

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

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

Irregular expenditure is treated as expenditure in the income statement until such expenditure is not condoned either by National Treasury or the Tender Board, at which point it is treated as a current asset until it is recovered from a third party.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party.

Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

Receivables

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

Payables

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

Provisions

Provisions are not normally recognised under the cash basis of accounting.

Lease commitments

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

Subsequent payments

Payments made after the accounting date that relates to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

Employee benefits

Short-term employee benefits

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

Termination benefits

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

Retirement benefits

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

Medical benefits

The department provides medical benefits through defined benefit plans for all permanent employees who request it. These benefits are funded by employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

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

Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, or deposits paid on behalf of employees of a foreign mission, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

Recoverable revenue

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

Comparative figures

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

Income statement

for the year ended 31 March 2002

	Note	2001/02 (R'000)	2000/01 (R'000)
Revenue			
Voted funds		776 000	282 982
- Conditional grants			
- Portion of equitable share			
- Statutory appropriation			
Non voted funds			
- Sales of goods and services			
- Other receipts	1	17 606	6 017
Local and foreign aid assistance (including RDP funds)	2	3 531	2 199
Total revenue		797 137	291 198
Expenditure			
Personnel	3	160 110	80 024
Administrative		163 463	33 748
Inventories		51 534	10 722
Equipment	4	75 891	43 460
Land and buildings	5	418	233
Professional and special services	6	443 553	34 427
Miscellaneous	7	11	466
Special functions: authorised losses	8	2 957	2 235
Contract work	9	1 418	5 827
Local and foreign aid assistance (including RDP funds)	10	4 046	5 454
Total expenditure		903 401	216 596
Net surplus/(deficit)		(106 264)	74 602
Add back unauthorised, irregular, and fruitless and wasteful expenditure disallowed	11	121 937	Nil
Net surplus/(deficit) for the year		15 673	74 602
Analysis of net surplus for the year			
Voted funds to be surrendered to Revenue Fund			
- Gross funds to be surrendered	16	Nil	77 667
Revenue to be surrendered to Revenue Fund	17	538	349
Contract work rolled over to the following year	20	15 650	(159)
Local and foreign aid assistance (including RDP funds)			
- Rolled over to the following year	21	(515)	(3 255)
		15 673	74 602

Balance sheet

at 31 March 2002

	Note	2002 (R'000)	2001 (R'000)
Assets			
Current assets		216 856	43 978
Unauthorised, and fruitless and wasteful expenditure	11	158 072	36 135
Cash and cash equivalents	13	81	92
Receivables	14	32 693	2 019
Prepayments and advances	15	26 010	3 202
Voted funds to be requested from Treasury	16	Nil	2 530
Total assets		216 856	43 978
Liabilities			
Current liabilities		187 145	29 401
Revenue funds to be surrendered	17	85	36
Bank overdraft	18	177 053	27 102
Payables	19	10 007	2 263
Total liabilities		187 145	29 401
Net assets/equity		29 711	14 577
Contract work rolled over	19	25 632	9 982
Local and foreign aid assistance (including RDP funds) rolled over	19	4 079	4 595
Total net assets/equity		216 856	43 978

Statement of changes in net assets/equity

for the year ended 31 March 2002

	Note	2001/02 (R'000)	2000/01 (R'000)
Funds for contract work rolled over			
Opening balance		9 982	10 141
Transfer from income statement	20	15 650	(159)
Closing balance		25 632	9 982
Local and foreign aid assistance (including RDP funds) rolled over			
Opening balance		4 594	7 850
Transfer from income statement	21	(515)	(3 255)
Closing balance		4 079	4 595
		29 711	14 578

Cash flow statement

for the year ended 31 March 2002

	Note	2001/02 (R'000)	2000/01 (R'000)
Cash flows from operating activities			
Net cash flow generated by operating activities	23	70 674	110 173
Cash generated (utilised) to (increase)/decrease working capital	24	149 962	3 115
Voted funds surrendered		Nil	(77 667)
Net cash flow available from operating activities		220 636	35 621
Cash flows from investing activities			
Purchase of equipment	23	(70 674)	(32 506)
Net cash flows from operating and investing activities		149 962	3 115
Net increase/(decrease) in cash and cash equivalents			
		(149 962)	(3 115)
Cash and cash equivalents at beginning of period	13/18	(27 010)	(23 895)
Cash and cash equivalents at end of period	13/18	(176 972)	(27 010)

Notes to the annual financial statements

for the year ended 31 March 2002

1. Other receipts

	Note	2001/02 (R'000)	2000/01 (R'000)
Cheques written back		193	127
Interest received		29	4
Contract work	1.1	17 068	5 668
Departmental revenue		316	218
		17 606	6 017

1.1 Contract work

	2001/02 (R'000)	2000/01 (R'000)
Department of Agriculture	16 654	5 000
JBCC	180	157
Price indices	1	Nil
Department of Transport	Nil	511
Department of Environmental Affairs and Tourism	231	Nil
SAS Institute	2	Nil
	17 068	5 668

2. Foreign aid assistance (including RDP)

2.1 Received in cash

	Note	2001/02 (R'000)	2000/01 (R'000)
Foreign aid assistance	2.2	3 531	2 199
		3 531	2 199

2.2 Foreign aid assistance

	2001/02 (R'000)	2000/01 (R'000)
ILO	443	Nil
Switzerland	1 000	Nil
OECD	37	Nil
SADC	15	27
NORAD	2 036	2 172
	3 531	2 199

2.3 Received in kind (value not included in income statement)

	Note	2001/02 (R'000)	2000/01 (R'000)
Foreign aid assistance	2.4	9 000	9 300
		9 000	9 300

2.4 Foreign aid assistance

	2001/02 (R'000)	2000/01 (R'000)
Sida	9 000	9 300
	9 000	9 300

3. Personnel

	2001/02 (R'000)	2000/01 (R'000)
Basic salary costs	143 564	66 911
Pension contributions	8 108	6 803
Medical aid contributions	3 813	2 817
Other salary related costs	4 625	3 493
	160 110	80 024
Average number of employees	3 031	1 660

4. Equipment

	Note	2001/02 (R'000)	2000/01 (R'000)
Current (rentals, maintenance and sundry)		5 217	10 954
Capital	4.1	70 674	32 506
		75 891	43 460

4.1 Capital equipment analysed as follows:

	2001/02 (R'000)
Computer equipment	51 343
Furniture and office equipment	18 047
Transport	57
Cellular	1 227
	70 674

5. Land and buildings

	2001/02 (R'000)	2000/01 (R'000)
Current expenditure		
- Rental	418	233
	418	233

6. Professional and special services

	Current expenditure	Capital expenditure	2001/02 (R'000)	2000/01 (R'000)
Auditors' remuneration	45	Nil	45	455
Contractors	86	Nil	86	Nil
Consultants and advisory services	131 319	Nil	131 319	20 511
Computer services	4 331	Nil	4 331	5 928
Security services	5 653	Nil	5 653	Nil
Survey allowances	298 065	Nil	298 065	6 552
Legal costs	82	Nil	82	Nil
Other	3 972	Nil	3 972	981
	443 553	Nil	443 553	34 427

7. Miscellaneous

	Notes	2001/02 (R'000)	2000/01 (R'000)
Stabilisation fund [Terminates after 2001]		Nil	458
Remissions, refunds and payments made as an act of grace	7.1	10	4
Gifts, donations and sponsorships made	7.2	1	1
Other		Nil	3
		11	466

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

Nature of remissions, refunds and payments	Current expenditure	Capital expenditure	2001/02 (R'000)	2000/01 (R'000)
Damages paid for breach of confidentiality	10	Nil	10	Nil
Theft of personal items while on official duty	Nil	Nil	Nil	4
	10	Nil	10	4

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

Nature of gifts, donations and sponsorships	Current expenditure	Capital expenditure	2001/02 (R'000)	2000/01 (R'000)
Gifts for delegates	1	Nil	1	1
	1	Nil	1	1

8. Special functions: Authorised losses

	Notes	2001/02 (R'000)	2000/01 (R'000)
Other material losses written off	8.1	2 935	2 235
Debts written off	8.2	22	Nil
		2 957	2 235

8.1 Other material losses written off in income statement in current period

Nature of losses	Current expenditure	Capital expenditure	2001/02 (R'000)	2000/01 (R'000)
Damages and losses emanating from Census '96	Nil	Nil	Nil	2 235
Damages and losses emanating from Censuses '96 and 2001	2 935	Nil	2 935	Nil
	2 935	Nil	2 935	2 235

8.2 Debts written off

Nature of debts written off	Current expenditure	Capital expenditure	2001/02 (R'000)	2000/01 (R'000)
Duplicate payments made to insurance/medical schemes	3	Nil	3	Nil
Debt owing by late employee	19	Nil	19	Nil
	22	Nil	22	Nil

9. Contract work

9.1 Expenditure per organisation

	2001/02 (R'000)	2000/01 (R'000)
Department of Agriculture	206	4 442
Department of Health	18	Nil
Department of Trade and Industry	845	721
JBCC	Nil	5
Price Indices	Nil	1
Department of Transport	291	595
Department of Safety and Security	56	33
Department of Environmental Affairs	Nil	30
SAS Institute	2	Nil
	1 418	5 827

10. Foreign aid assistance (including RDP)

10.1 Expenditure per organisation

	2001/02 (R'000)	2000/01 (R'000)
ILO	294	256
Switzerland	1 122	807
DIFD	1 420	844
Sida	240	238
SADC	31	8
NORAD	939	3 301
	4 046	5 454

11. Unauthorised expenditure disallowed

	Notes	2001/02 (R'000)	2000/01 (R'000)
Unauthorised expenditure	11.2	121 937	Nil
Unauthorised expenditure in respect of previous years not yet approved	11.3	36 135	36 135
		158 072	36 135

11.1 Reconciliation of movement in account balance

	2001/02 (R'000)
Opening balance	36 135
Transfer from income statement	121 937
Closing balance	158 072

11.2 Unauthorised expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2001/02 (R'000)	2000/01 (R'000)
Over-expenditure on Statistics Council		8	8
Over-expenditure on Statistics Council		13	13
Over-expenditure Census '96		36 114	36 114
Over-expenditure Census 2001		121 937	Nil
		158 072	36 135

11.3 Unauthorised expenditure in respect of previous years not yet approved

Year disallowed	Incident	2001/02 (R'000)	2000/01 (R'000)
1995/96	Over-expenditure on Statistics Council	13	13
1996/97	Over-expenditure on Statistics Council	8	8
1997/98	Over-expenditure on Census '96	36 114	36 114
		36 135	36 135

12. Irregular expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2001/02 (R'000)
Allowance paid to ex-supernumerary staff to assist with their resettlement	Department of Public and State Administration to be approached for approval	259
Appointment of a consultant	State Tender Board to be approached for <i>ex post facto</i> approval	363
Tender amount exceeded	State Tender Board to be approached for <i>ex post facto</i> approval	10 093
		10 715

13. Cash and cash equivalents

	Notes	2001/02 (R'000)	2000/01 (R'000)
Paymaster General Account/Exchequer Account	18	(177 053)	(27 102)
Cash with commercial banks		81	92
		(176 972)	(27 010)

14. Receivables – current

	Notes	2001/02 (R'000)	2000/01 (R'000)
Amounts owing by other departments		589	167
Staff debtors	14.2	1 336	512
Trade debtors		30 127	1 340
Other debtors	14.3	641	Nil
		32 693	2 019

14.1 Age analysis – receivables current

	2001/02 (R'000)	2000/01 (R'000)
Less than one year	32 497	1 852
One to two years	192	119
More than two years	4	48
	32 693	2 019

14.2 Staff debtors

	2001/02 (R'000)	2000/01 (R'000)
Tax debt (SITE)	280	27
Other staff debts	1 056	485
	1 336	512

14.3 Other debtors

	2001/02 (R'000)	2000/01 (R'000)
Theft and losses in suspense	638	Nil
Staff deductions (TEFSA)	1	Nil
Staff deductions (PSBC)	2	Nil
	641	Nil

15. Prepayments and advances

Nature of prepayments/advances	2001/02 (R'000)	2000/01 (R'000)
Advances for Business Register project	207	506
Travelling advances	269	207
Cash floats for Census 2001	25 000	300
Cash floats for surveys	428	2 139
Standing petty cash	56	50
Credit card float	50	Nil
	26 010	3 202

16. Voted funds to be surrendered to / requested from Treasury

	2001/02 (R'000)	2000/01 (R'000)
Voted funds to be requested		
Opening balance	(2 530)	16 755
Transfer from income statement	Nil	77 667
Paid during the year	2 530	(96 952)
Closing balance	Nil	(2 530)

17. Revenue funds to be surrendered

	2001/02 (R'000)	2000/01 (R'000)
Funds to be surrendered		
Opening balance	36	1 755
Transfer from income statement for revenue to be surrendered	538	349
Paid during the year	(489)	(2 068)
Closing balance	85	36

18. Bank overdraft

	Note	2001/02 (R'000)	2000/01 (R'000)
Paymaster-General Account (Exchequer account)	18.1	(177 053)	(27 102)

18.1 Paymaster-General account / exchequer account

	2001/02 (R'000)	2000/01 (R'000)
Balance as per National Accounting Office	(171 477)	(17 482)
Add: Outstanding deposits	83	72
Sub-total	(171 394)	(17 410)
Deduct:	5 659	9 692
Orders payable outstanding	664	860
PMG adjustment account	(32)	(761)
Electronic funds payable	4 922	9 593
ACB control account	105	Nil
Balance	(177 053)	(27 102)

19. Payables – current

	Note	2001/02 (R'000)	2000/01 (R'000)
Other payables	19.1	39 718	16 840
		39 718	16 840

19.1 Other payables

	2001/02 (R'000)	2000/01 (R'000)
South African Revenue Service	9 010	Nil
Regional service council levies	809	1
Payable to suppliers	Nil	657
Collections for trading account	141	769
Advances from other institutions	29 711	14 577
Interest receivable on debts	25	7
Deductions due to departments	Nil	804
Cancelled cheques for re-issue	16	25
Pension fund	6	Nil
	39 718	16 840

20. Contract funds rolled over

	2001/02 (R'000)	2000/01 (R'000)
Department of Agriculture	16 448	558
Department of Health	(18)	(1)
Department of Trade and Industry	(845)	(721)
JBCC	180	152
Price indices	1	(1)
Department of Transport	(291)	(84)
Department of Safety and Security	(56)	(33)
IEC	Nil	(29)
Department of Environmental Affairs and Tourism	231	Nil
	15 650	(159)

21. Foreign aid assistance (including RDP funds) rolled over

	2001/02 (R'000)	2000/01 (R'000)
ILO	149	(256)
Switzerland	(122)	(807)
OECD	37	Nil
DIFD	(1 420)	(844)
Sida	(240)	(238)
SADC	(16)	19
Norad	1 097	(1 129)
	(515)	(3 255)

Table 3.4: Profile of employees whose remuneration levels exceeded the grade determined by job evaluation, 1 April 2001 to 31 March 2002 (in terms of PSR V, C.3)

Total number of employees whose remuneration exceeded the grade determined by job evaluation: 1 African female

Employment changes

Table 4.1: Appointments, promotions, and transfers, 1 April 2001 to 31 March 2002

	Appoint- ments and transfers in	Promotions	Transfers out
African	143	106	10
Female	52	58	4
Male	91	48	6
Asian	12	7	0
Female	5	5	0
Male	7	2	0
Coloured	6	8	1
Female	3	4	0
Male	3	4	1
White	21	26	1
Female	9	21	1
Male	12	5	0
Employees with a disability*	112	0	0
Total	294	147	12

* Employees with disabilities are indicated separately, but are also included in the population group figures.

Table 4.2: Reasons why staff are leaving the department

Termination type	Number
Death	2
Resignation	34
Expiry of contract	66
Dismissal - operational changes	1
Retirement	2
Total terminations	105

Affirmative action

Table 5.1 Progress made with respect to affirmative action, employees at levels below the SMS, 2001/ 02

	1 April 2001	31 March 2002
African	364	395
Male	197	214
Female	167	181
Asian	18	22
Male	7	10
Female	11	12
Coloured	18	17
Male	11	9
Female	7	8
White	228	224
Male	53	53
Female	175	171
Employees with a disability	12	11
Total	628	658

Excluding contract staff

Table 5.2: Progress made with respect to affirmative action, Senior Management Service, 2001/ 02

	1 April 2001	31 March 2002
African	7	11
Male	6	9
Female	1	2
Asian	1	2
Male	1	1
Female	0	1
Coloured	1	2
Male	1	2
Female	0	0
White	8	8
Male	4	5
Female	4	3
Employees with a disability	0	0
Total	17	23

Excluding contract staff

Performance rewards

Table 6.1: Performance rewards by race, gender, and disability, 1 April 2001 to 31 March 2002

	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Total cost (R'000)	Per capita cost (R)
African	150	326	46	669	4 461
Male	93	160	58	429	4 616
Female	57	166	34	240	4 208
Asian	11	11	100	90	8 160
Male	4	4	100	57	14 136
Female	7	7	100	33	4 745
Coloured	12	21	57	49	4 092
Male	7	12	58	32	4 599
Female	5	9	56	17	3 382
White	154	202	76	1 056	6 859
Male	29	34	85	295	10 164
Female	125	168	74	761	6 092
Employees with a disability*	14	18	78	61	4 328
Total	327	560	58	1 864	5 701

* Employees with disabilities are indicated separately, but are also included in the population group figures.

Note: Provincial staff and those employed in programme three were not evaluated during the 2001/02 year due to the operational imperatives of Census 2001.

Table 6.2: Performance rewards by salary level, 1 April 2001 to 31 March 2002

Salary level	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total	Total cost (R'000)	Per capita cost (R)
Levels 1-2	13	20	65	23	1 748
Levels 3-5	92	249	37	282	3 061
Levels 6-8	168	227	74	855	5 092
Levels 9-12	54	64	84	704	13 046
Total	327	560*	58	1 864	5 701

* 560 staff members were eligible to be considered for an award.

Table 6.3: Performance rewards by critical occupations, 1 April 2001 to 31 March 2002

Critical occupations	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total	Total cost (R'000)	Per capita cost (R)
Economist	7	14	50	47	6 729
Programmer	17	23	74	103	6 030
Data technologist	4	4	100	49	12 245
Statistician	15	24	63	107	7 160
Statistics advisor	5	5	100	20	3 903
Total	48	70	69	326	6 781

Foreign workers

Table 7.1 Foreign workers, 1 April 2001 to 31 March 2002

Grade (salary band)	1 April 2001	31 March 2002	Change
	Number	Number	%
Levels 1-2	0	0	0
Levels 3-5	1	1	0
Levels 6-8	3	3	0
Levels 9-12	8	8	0
Levels 13-14	3	3	0
Total	15	15	0

Sick leave

Table 8.1: Annual leave, 1 April 2001 to 31 March 2002

Grade (salary band)	Total days taken	Number of employees in grade*	Average per employee
Levels 1-2	568	62	9,16
Levels 3-5	4 573	199	22,98
Levels 6-8	9 697	482	20,12
Levels 9-12	2 654	141	18,82
Levels 13-14	346	17	20,35
Levels 15-16	0	1	0,00
Not classified	847	754	1,12
Total	18 685	1 656	11,28

* These figures include contract workers.

Table 8.2: Leave payouts

Reason	Total amount (R'000)	Number of employees	Average per employee
Non-utilisation of leave for current cycle	0	0	0
Leave accrued before 30 June 2001	705 000	107	6 588,79
Total	705 000	107	6 588,79

Labour relations

Table 9.1 Collective agreements, 1 April 2001 to 31 March 2002

Total collective agreements: None

Table 9.2: Misconduct and discipline

Outcome of disciplinary hearings	Number	% of total
Verbal warning	-	-
Written warning	3	7
Final written warning	6	14
Not guilty	1	2
Case withdrawn	1	2
Dismissal	31	75
Total	42	100

Skills development

Table 10.1: Skills development by salary band, 1 April 2001 to 31 March 2002

Grade (salary band)	Internal training		External training	
	Training day equivalents	Average days per employee	Training day equivalents	Average days per employee
Levels 1-2	19	1,27	12	0,80
Levels 3-5	477	2,81	58	0,34
Levels 6-8	908	1,57	144	0,25
Levels 9-12	117	0,69	42	0,25
Levels 13-14	5	0,20	1	0,04
SMS				
Total	1 526	1,59	257	0,27

Table 10.2: Skills development by race, gender, and disability, 1 April 2001 to 31 March 2002

	Internal training		External training	
	Training day equivalents	Average days per employee	Training day equivalents	Average days per employee
African	1 018	1,64	120	0,19
Male	570	1,64	55	0,16
Female	448	1,65	65	0,24
Asian	30	0,91	13	0,39
Male	8	0,53	13	0,87
Female	22	1,22	0	0,00
Coloured	11	0,34	5	0,16
Male	7	0,44	5	0,31
Female	4	0,25	0	0,00
White	467	1,70	119	0,43
Male	70	0,86	50	0,62
Female	397	2,06	69	0,36
Total	1 526	1,59	257	0,27

Table 10.3: Skills development by type of training, 1 April 2001 to 31 March 2002

Type of training	Training			% of total
	Number of beneficiaries	Training day equivalents	Average days per person	
Internal training	689	1 264	1,8	79,93
Computer training	87	344	4,0	10,09
Management development	33	44	1,3	3,83
Office-based training	15	61	4,1	1,74
Policy-specific training	38	45	1,2	4,41
Total	862	1 758	2,0	100,00

Table 10.4: Total expenditure on skills development, 2001/ 02

Expenditure – 2001/ 02	Average cost per beneficiary (R)
2 055	2 383

Table 10.5: Local bursaries granted by salary level, 1 April 2001 to 31 March 2002

Salary level	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees in salary band	% of total in salary band	Cost (R'000)	Per capita cost (R)
Levels 1-2	3	15	20,00	6	2 000
Levels 3-5	20	170	11,76	54	2 700
Levels 6-8	44	578	7,61	121	2 750
Levels 9-12	8	170	4,71	31	3 875
Senior management service	1	25	4,00	3	3 000
Total	76	958	7,93	215	2 829

Table 10.6: Local bursaries granted by race, gender and disability, 1 April 2001 to 31 March 2002

	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees in group	% of total in group	Cost (R'000)	Per capita cost (R)
African	56	619	9,05	159,0	5 679
Male	28	347	8,07	79,0	2 821
Female	28	272	10,29	80,0	2 857
Asian	3	33	9,09	8,7	6 106
Male	1	15	6,67	3,5	3 500
Female	2	18	11,11	5,2	2 600
Coloured	3	32	9,38	3,6	1 200
Male	3	16	18,75	3,6	1 200
Female	0	16	0,00	0,0	0
White	13	274	4,74	35,0	5 972
Male	4	81	4,94	15,0	3 750
Female	9	193	4,66	20,0	2 222
Total	75	958	7,83	206,3	2 751

**Table 10.7: Bursaries granted for studies in East Africa by race and gender,
1 April 2001 to 31 March 2002**

	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees in group	% of total in group	Cost (R'000)	Per capita cost (R)
African					
Male	13	347	3,75	870	66 923
Female	8	272	2,94	542	67 750
Total	21	619	3,39	1 412	67 238

Injury on duty

Table 11.1: Injury on duty, 1 April 2001 to 31 March 2002

Total: 163

Part 4

*Report of the Audit
Committee*

Report of the Audit Committee of Statistics South Africa

for the year ended 31 March 2002

The Audit Committee is established under statute in terms of the Public Finance Management Act of 1999, (PFMA). The National Treasury Regulations require the Audit Committee to comment in the annual report of Statistics SA on:

- the effectiveness of internal control and the Internal Audit function,
- the quality of management reports, and
- the annual financial statements.

The Audit Committee held five meetings in this financial year.

In the opinion of the Audit Committee, there has been an apparent breakdown of the executive financial control of Statistics SA, an ineffective internal control environment and a resultant contravention of the Public Finance Management Act. This executive level weakness is manifested in:

- an executive decision to exceed the total approved budget by at least R122 million, in contravention of an express Audit Committee resolution,
- various executive decisions resulting in potential fruitless expenditure, subject to further investigation,
- the absence of expenditure monitoring against the approved budget on all budget manager levels, and
- the failure to rectify the numerous control weaknesses as identified by repetitive internal audit reports prepared in terms of the PFMA.

In the opinion of the Audit Committee, the management reports as presented to the Committee do not comply with statutory requirements for effective organisational control.

The Audit Committee is unable to determine the full extent of the budget over expenditure as a result of the absence of a management budgetary control and commitment system. Hence the Audit Committee is unable to express an opinion on the financial results of Statistics SA.

This report was compiled by the non-executive members of the Audit Committee and discussed with the executive members.

Non-executive external Audit Committee members:

Dr. Hilary Southall, BSc(Hons), MA, PhD (Audit Committee Chair)
Mr. Terrance Naidoo , CA(SA), HDip(Tax)
Mr. Zach le Roux CIA(US), CA(SA), ACMA(UK), CIAB(SA)
Prof. Sibusiso Vil-Nkomo, PhD

Executive Audit Committee members:

Mr. Pali Lehohla – Statistician-General Statistics SA
Mr Alfons Fanoe – Chief Financial Officer Statistics SA

Part 5

Annual financial statements

Statistics South Africa

Management report

for the year ended 31 March 2002

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

1. General review of the state of financial affairs

Statistics South Africa's two primary long-term goals involve the establishment and development of a National Statistics System (NSS) and the sustainable enhancement of statistical quality through the empowerment of people. In addition to activities associated with these goals, Stats SA's main operational activity in the financial year ended 31 March 2002 involved planning and implementation of the enumeration phase of the five-year population census project.

During 2001/02 the first steps were taken to establish the NSS, which aims to promote evidence-based monitoring and evaluation in government through establishing common quality standards for official statistics, coordinating the production and communication of official statistics and promoting statistical literacy. The quality of official statistics is to be enhanced through the development of staff, the establishment of a quality and methodology unit and the promotion of informatics.

Sustained quality can only be achieved through investment in the development of people, which will create a cadre of professionals attuned to both the information needs of users and the technical imperatives required to meet those needs. The present organisational structure was not designed to deliver a NSS and high quality statistics to meet current user needs. An organisational restructuring was undertaken during the financial year and staffing of the new structure will be phased in over three years.

Stats SA conducted the enumeration phase of the five-yearly population census during the financial year under review. This activity had a substantial impact on the financial activities of the department, including its financial position at the end of the financial year. As part of enumeration, approximately a hundred thousand temporary fieldworkers were deployed to carry out the demarcation and enumeration of the whole country. Fieldworker teams were managed out of ninety-five temporary regional offices specifically set up for census operations.

A total of R776 million was allocated to the Department for the 2001/02 financial year. An initial amount of R348,44 million was allocated for Census 2001 for the financial year 2001/02, but this was increased to R622,29 million in the Adjustments Estimate. The increase included an amount of R66,85 million in respect of funds rolled over from the previous financial year.

A total of R121,94 million was overspent on census activities. This includes an amount of R2,9 million written off as losses from both Census '96 and Census 2001.

Changes in Stats SA's expenditure, as well as the number and cost of personnel, are driven by the five-year population census cycle, with expenditure in enumeration years vastly higher than in other years. Spending on the census consisted of 83% of total spending for the 2001/02 financial year.

Excluding spending on the population census, personnel is the biggest cost driver and consumes an average of 55,5 % of total expenditure over the medium term.

2. Services rendered by the Department

The following were the main outputs of the Department:

- Economic statistics based on surveys relating to prices, labour, production and financial performance;
- National and government accounts, including GDP, and public finance statistics;
- Demographic statistics and a variety of social and population statistics;
- Dissemination via publications, a user information service and a website.

3. Under/(over) spending

As reported above, the Department overspent its budget for the population census by R121,94 million in the financial year.

The undertaking of any population census has inherent risks because of its very nature and size. In addition, the planning and regulatory environment for Departments is not synchronised with the requirements of a five-year project which is subject to major peaks in expenditure in one of the five years, when enumeration takes place. Nor is it always possible to reconcile and establish 'value for money' within one financial year: this requires assessing and bringing to account the whole project (i.e. over its full five-year duration).

The enumeration phase of Census 2001 had to be planned and implemented within a year because of uncertainties surrounding budget allocations. Operations of this nature usually require close to five years of planning and preparation, and are preceded by a pilot census, which is the key management tool for early identification of risks and dangers.

Uncertainty over budget allocations for the full five-year project were the result of non-congruence between the MTEF's three-year planning approach, and a five-year project cycle. Realistic budgeting for a project of the scale of a population census can only occur after a full planning process; however, in the case of Census 2001, like its predecessor, Census '96, budgets for the whole project had to be prepared and submitted before planning, piloting, research and development had occurred.

As a result of these budget uncertainties, the pilot census could only be undertaken in March 2001, six months before the main census. To circumvent some of the problems arising from this late start to the pilot, Stats SA made use of new technologies that promised more efficient and effective management processes. These, however, had inherent difficulties that only became apparent as work progressed. Problems had to be addressed through the use of additional resources, including consultants, with attendant cost implications.

Other major cost drivers in census expenditure for the financial year, including the R122-million overrun reported above, included the following:

- increasing the ratio of supervisors from 1:10 to 1:5. This was undertaken as a result of experiences in the pilot census, and in the interests of improving quality control during enumeration;
- outsourcing of maintenance of the fieldwork information system, when the pilot revealed that it was unable to record activities on the ground accurately;
- outsourcing the development and operation of systems to recruit and pay the fieldworkers and control the large cash amounts advanced to the ninety-five temporary regional census offices;
- printing of additional questionnaires outside of South Africa. Census questionnaires had to meet strict printing specifications in order to be suitable for scanning. Poor print quality and delays threatened to compromise enumeration, and a real danger of having insufficient questionnaires available for enumeration emerged. When it became apparent that there was no additional and appropriate printing capacity within the country, additional printing services had to be procured in the United States of America and questionnaires were then flown to South Africa by chartered aircraft;
- the extension of the enumeration period into November, which was undertaken to complete enumeration in areas where it had started late, and in difficult-to-access areas, such as high-security suburbs, informal settlements, farms and deep rural areas. This increased expenditure over budget considerably, chiefly as a result of additional payments to temporary census fieldwork staff (R48 million), additional transport costs (R21 million); and additional costs for consultancy support (R21 million);
- unforeseen costs incurred in the processing of questionnaires. New processing technology that promised a smoother and quicker process than that used in 1996 was employed. However, a painful teething process was experienced. As a result of the complex and cutting-edge nature of these technologies, service providers and technical consultants were often unable to deliver the solutions required to deadline, and within budget. Revised solutions, with inevitable cost consequences, had to be implemented.

In addition, early discussions with the Treasury on the provision of a budget for Census 2001 had envisaged the enumeration taking place during March 2002 and not October 2001. Funds had been provided accordingly. Had this occurred, the bulk of the fieldworkers' payments would have been made during April 2002. This would have resulted in the expenditure being spread over the 2001/02 and 2002/03 financial years instead of being concentrated in the 2001/02 financial year.

These difficulties notwithstanding, Stats SA is confident that census fieldwork delivered enumeration of high quality and value for money. However, final evaluation of fieldwork must be based on the quality and coverage of census data.

'Value for money' in fieldwork could not be fully assessed in this report on the financial year, because all payments made for fieldwork had to be brought to account, and the books closed, before reconciliation could be completed (see section on payments of census fieldworkers below). This is a further example of the difficulties involved in reporting fully on a five-year project of the magnitude of a census, on a year-by-year basis.

Nonetheless, proxy indicators used in the interim indicate that the coverage of enumeration, and hence the value gained for expenditure, is of high quality. These indicators include:

- the number of completed questionnaires delivered to Stats SA's state-of-the-art processing centre, for data capture;
- the number of enumeration areas where it has already been established that questionnaires have been returned (76 000 of a total number of 81 000);
- Stats SA's own internal test of a thousand enumerator areas, where it was established that only five of the 53 areas not enumerated were populated (ie, a missed enumeration rate of only 0,5%);
- the fact that there has been no finding or allegation of fraud in relation to payments to enumerators. This indicates that those who did the work received the payment to which they were entitled; and
- the absence of any outstanding claims for payment from fieldworkers. This indicates that payment was successfully made to fieldworkers who were responsible for one enumeration area each.

'Value for money' in Census 2001 can also be assessed on the basis of comparative costs with other countries. Stats SA estimates that the census will be delivered at a total cost of \$2,89 per person. This compares favourably with censuses in countries such as Botswana (\$3,40), Hungary (\$3,70), Namibia (\$5,33), and the United States (\$20).

Over-expenditure on Census 2001 was not the result of waste, or an absence of control. It is unlikely that the enumeration phase of the census project could have been successfully completed without incurring this expenditure. Indeed, management projected that an additional amount of R333 million would be required to bring Census 2001 to conclusion, and applied for this allocation as part of the 2001 adjustment estimates. The amount voted, R220 million, proved to be insufficient, and the additional expenditure incurred over and above this allocation (R122 million) indicates that management's budget submitted was realistic and accurate.

Once an amount of only R220 million had been voted in the adjustment estimates, management was at all times aware that an over-expenditure was probable. In the face of this, management faced a simple decision: either complete this phase of the project successfully, or halt the census, thereby rendering all expenditure to date fruitless and wasteful. Management did consider whether census expenditure could be curtailed; however, the core areas of expenditure – such as remuneration of staff, transport, consultant support and printing of questionnaires – did not allow for flexibility while still delivering accurate enumeration of acceptable quality. Another option considered involved movement of funds from Stats SA's core budget. However, the core budget was relatively small when compared to the census budget, and it proved impossible to generate sufficient savings in core activities for application against census expenditure.

Despite intense pressure on management capacity as a result of census operations, there was no lessening of managerial vigilance. Although part of the existing management structure had to shoulder greatly increased responsibility as a result of Census 2001, Stats SA was able to manage expenditure on all other activities, and ensure that there was no over-expenditure on any activities other than the census.

Payments of census fieldworkers

The payments of census fieldworkers proved to be the most significant item of expenditure during the financial year. This had to be paid using three different methods in order to surmount difficulties that were experienced and to ensure that everyone was paid timeously. Enumerators were paid an initial amount of R187 in order to provide funding for their transport while they carried out their work. This amount was part of their total remuneration. These amounts were paid through the Post Office, as were payments to listers, made advance lists of all dwellings to be visited in each enumerator area, and the September 2001 payments of supervisors. This method of payment had inherent problems and it was decided to change over to cheque payments for the final payments of the enumerators and the October and November 2002 monthly salaries of the supervisors. Cash payments took place at the census regional offices in cases where employee names had not been submitted timeously for cheque payments.

It was planned to capture all payments, whatever the method of payment, on the State's Persal payroll system in order to have complete payment and tax records. The process of capturing was, however, time consuming and could not be completed before the books of account had to be closed for the 2001/02 financial year. The amount paid out was material in relation to the total expenditure incurred by the Department during the financial year and it was, therefore, imperative that the expenditure be brought to account and reported on in the financial statements in order to provide full disclosure of the Department's financial activities during the financial year. It was, therefore, decided to bring an estimated amount to account, based on records that the Department had been updating with each pay run. This was done with the concurrence of the Accountant-General at the National Treasury. Although this action met the requirement for full disclosure, it could not be consistent with the requirement to substantiate all expenditure with supporting documentation. The amount brought to account can only be fully reconciled once all payments have been captured and processed on Persal.

However, an amount of R293,36 million was brought to account in respect of payments to 124 449 census fieldworkers before closing the books for 2001/02. This is confirmed by a preliminary reconciliation, which reflects the following payments:

29 540 listers for 79 504 enumerator areas at R240 per EA	R19,08 m
16 891 supervisors at R3 286 per month for 2,5 months (mid-September to end November 2002)	R138,76 m
78 018 enumerators at R1 737 per enumerator	R135,52 m
Total	R293,36 m

Reconciliation of payments in respect of Census '96 fieldwork took two years to complete. However, expenditure on Census 2001 fieldwork was brought to account more rapidly, and a completed reconciliation will be subject to future audits.

4. Capacity constraints

The organisational infrastructure and staff composition required for Stats SA's strategic priority of delivering and implementing a national statistics system differ from previous needs. These are being addressed through the restructuring of the Department and intensified training as described in paragraph one.

Capacity constraints became particularly apparent as a result of the added pressure created by Census 2001. As a result, the capacity of existing top management was stretched to the limit during the financial year. Additional middle management capacity required for the running of a project of the magnitude of a population census has only been provided for in respect of Census 2006.

5. Utilisation of donor funds

Donor funds were utilised to train management in the use of Total Quality Management techniques and to analyse the results of a time use survey. These funds were also used for training to provide skills capacity in the collection and analysis of local government financial statistics.

6. Trading entities/public entities

The Dissemination and Marketing Trading Account operates within the Department. Its main purpose is to market and sell the publications of the Department. Separate annual financial statements are attached.

7. Corporate governance arrangements

Internal Audit completed an intensive risk analysis during the preceding financial year. The findings are still being used as a guideline to address weaknesses in the organisation. Various internal audit assignments were carried out during the 2001/02 financial year. The Audit Committee met on a regular basis to review areas of risk highlighted by Internal Audit.

In addition, the Department commissioned forensic audits in the two areas of activity where expenditure is incurred, namely recruitment of human resources, and procurement. This was to establish whether any irregularities might have escaped management's attention during the census.

However, both the internal audit and finance components are currently constrained by a lack of sufficient resources. Priority was given to risk management of the census programme during the financial year, as this accounted for the bulk of expenditure, and was identified as having the highest risk profile. As a result, progress in other programmes was constrained.

Internal audit set up a 'whistle blower' reporting system at the inception of Census 2001, whereby allegations concerning irregular or illegal activities could be made anonymously.

Various policies and procedures were implemented to address the management of the large amounts of cash that were utilised in the ninety-five temporary regional census offices. Due to the general lack of skills found among the temporary contract staff, these were not, however, always successfully implemented. The reconciliation of cash payments, including those made in respect of remuneration, was still underway at the end of the financial year.

Improvements in the financial administration of Census 2001 over Census '96 are noteworthy. For example, expenditure on remuneration could not be brought to account when closing the 1996/97 books because of an absence of records. This could only be brought to account in October 1998, leading to the late closure of the 1997/98 financial year. By comparison, expenditure on remuneration for Census 2001 was brought to account when the books for 2001/02 were closed at the end of May 2002, although, as indicated above, reconciliation is yet to be completed.

A committee consisting of members of top and senior management managed Census 2001 on a daily basis. This committee made all decisions relating to census activities and major financial commitments on the census.

Various other committees are used to minimise conflicts of interest and to enable management decision-making. The required departmental tender committee and information technology committee are utilised to make decisions on procurement. The Tender Committee considers the specifications of procurements to be made via the tender procedure and does the final adjudication on tenders. The Information Technology Committee considers all electronic data related procurements.

8. New/proposed activities

As explained in paragraph one, the establishment and development of the NSS is one of the major strategic thrusts of the Department. The conception of the NSS is a response to the growing need of government for integrated information and to the legislative obligations imposed on Stats SA by the Statistic Act, 1999 (Act No. 6 of 1999). The purpose of the NSS is to enhance the capacity of the state to formulate and evaluate policy decisions based on appropriate data. This will be achieved through the creation of a network of state institutions to focus on improving the quality of statistics, enhancing the comparability of statistics and minimising unnecessary duplication in the collection and publication of statistics. The system will facilitate collaboration regarding specific series of statistics and the formulation and application of appropriate quality criteria and standards, classifications and procedures. This means that Stats SA will pursue its organisational goals and activities as part of a wider group of public sector agencies, which require sound statistics in order to fulfil their respective mandates. All sectors of the Department contribute to the NSS.

Management is committed to improving those areas of internal control that still require attention, and with the assistance of the recently-formed programme office has established clear mechanisms to monitor progress. However, certain changes in internal control are in themselves complex projects, which will require time to attain full implementation.

9. Events after the accounting date

There were no events that had a material effect after the accounting date.

10. Role of the audit committee

Management has taken note of the report of the non-executive members of the audit committee, published for information as Part 4 of this annual report, but differs with some of the interpretations offered.

The terms of reference of the audit committee do not allow for executive or operational authority. As such, the suggestion that the organisation's executive 'contravened' an audit committee resolution is based on a misinterpretation of the committee's roles and responsibilities: the view of the committee in this regard was advisory, not binding.

In addition, the external members' opinions on issues such as financial and internal control do not appear to take account of the facts set out in sections 3 and 7 above; in particular, suggestions of ineffective executive financial control and an absence of financial monitoring are not borne out by a full contextual analysis of the areas identified as problematic. On the contrary, as noted in section 3, systematic financial control and monitoring enabled management to deliver all activities, apart from the census, to budget, without any over-expenditure. In addition, budget monitoring and accurate expenditure projections were an ongoing element of management's control of Census 2001.

11. Progress with financial management improvements

A Chief Financial Officer (CFO) was appointed during the financial year. Support to the CFO has, however, been lacking due to the capacity of the finance component being severely stressed by the regular loss of staff, most of who were appointed in higher posts at other State Departments. These losses resulted in the loss of expertise and institutional knowledge. Although attempts are made to fill these posts as urgently as possible, there are always periods when posts remain vacant before new incumbents can assume duty. Irrespective of how soon vacant posts can be filled, there is also always a period of orientation and training before new employees can make a meaningful contribution. More senior posts have been created in the finance component during the restructuring and interviews will be taking place early in the next financial year.

A provincial financial manager was appointed at each of the Department's nine provincial offices during the financial year. The objective is to strengthen financial management on provincial level so as to improve financial control over the field activities of surveys, which are managed from the provincial offices.

Compulsory procurement and financial systems are found to be an impediment to proper financial controls. The absence of an automated commitment system was especially found to be a weakness in the monitoring and control of expenditure against budgets.

Approval

The annual financial statements set out on pages 60 to 84 have been approved by the Accounting Officer.



P J Lehohla
Statistician-General (Accounting Officer)

31 May 2002

22. Transactions with other departments

Name of department	Receipts	Payments	Owing by other departments	Owing to other departments
Department of Agriculture	16 654	Nil	Nil	Nil
Department of Environmental Affairs and Tourism	231	Nil	Nil	Nil
Actual 2001/02: R'000	16 885	Nil	Nil	Nil
Actual 2000/01: R'000	5 511	Nil	135	Nil

23. Net cash flow generated by operating activities

	Note	2001/02 (R'000)	2000/01 (R'000)
Net surplus as per Income Statement		15 673	74 602
Adjusted for items separately disclosed		70 674	32 506
Purchase of equipment	4.1	70 674	32 506
Adjusted for non-cash items			
Decrease/(Increase) in revenue collected		(538)	(349)
Decrease/(Increase) in contract work and foreign aid assistance		(15 135)	3 414
Net cash flow generated by operating activities		70 674	110 173

24. Cash generated (utilised) to (increase)/decrease working capital

	2001/02 (R'000)	2000/01 (R'000)
(Increase)/decrease in receivables – current	(30 674)	4 605
(Increase)/decrease in prepayments and advances	(22 809)	(2 513)
(Increases) in other current assets	(119 407)	(2 530)
Increase/(decrease) in payables	22 879	(958)
Increase/(decrease) in other current liabilities	49	(1 719)
	(149 962)	(3 115)

25. Voted funds and revenue funds surrendered or requested

	2001/02 (R'000)	2000/01 (R'000)
Voted funds requested from Treasury	2 530	Nil
Revenue funds surrendered	(538)	(349)
	1 992	(349)

26. Contingent liabilities

Liable to	Nature of contingent liability	Notes	As at 31 March 2002 (R'000)	As at 31 March 2001 (R'000)
Housing loan guarantees	Employees	26.1	1 969	1 601
EAX Consortium	Services	26.2	22 794	Nil
			24 763	1 601

26.1 Housing loan guarantees

	Opening balance	Guarantees issued during the financial year	Guaranteed released during the financial year	Closing balance
ABSA	565	78		643
Standard Bank	289	64	20	333
FNB	62	14		76
Saambou	163	57		220
FBS Fidelity	94			94
Permanent Bank	47			47
NBS	69			69
Old Mutual Bank		60		60
NEDCOR	194	115		309
Cash Bank	16			16
Future Bank	62			62
Bop Building Society	40			40
	1 601	388	20	1 969

26.2 EAX Consortium

The EAX Consortium has instituted legal action against the Department for payments that are being disputed by the Department. The Department is defending the legal action.

27. Subsequent payments not recognised in income statement

27.1 Listed by standard item

	2001/02 (R'000)
Administrative expenditure	2 928
Inventory	36 158
Equipment	5 502
Land and buildings	14
Professional services	10 055
	54 657

27.2 Listed by programme

	2001/02 (R'000)
Programme 1	579
Programme 2	767
Programme 3	53 310
	54 657

28. Short-term employee benefits

Major classes	2001/02 (R'000)
Leave entitlement	14 246
Thirteenth cheque	2 368
Performance bonus	1 075
	17 689

29. Key management personnel

29.1 Remuneration

Twenty persons earned an average of R450 718 during the financial year.

Appropriation statement

for the year ended 31 March 2002

Programme	Adjustment estimate 2001/02 (R'000)	Virement 2001/02 (R'000)	Amount voted 2001/02 (R'000)	Expendi- ture 2001/02 (R'000)	Savings (excess) 2001/02 (R'000)	%	Amount voted 2000/01 (R'000)	Expendi- ture 2000/01 (R'000)
1. Administration	53 127		53 127	53 029	98	0,1	41 032	35 750
2. Statistical services	100 083		100 083	100 081	2	Nil	105 416	97 687
3. Population census	622 288		622 288	741 391	(119 103)	(19,1)	136 383	69 539
4. Auxiliary & associated services	502		502	479	23	4,6	151	100
Special functions	Nil		Nil	2 957	(2 957)	(100,0)	Nil	2 235
Total	776 000		776 000	897 937	(121 937)	(15,7)	282 982	205 315

Economic classification – actual expenditure	Adjustment estimate 2001/02 (R'000)	Virement 2001/02 (R'000)	Amount voted 2001/02 (R'000)	Expendi- ture 2001/02 (R'000)	Savings (excess) 2001/02 (R'000)	%	Amount voted 2000/01 (R'000)	Expendi- ture 2000/01 (R'000)
Current	723 297		723 297	822 046	(103 833)	74,6	230 976	172 809
Personnel	145 659		145 659	160 110	(14 447)	(9,9)	88 636	80 024
Transfer payments	2		2		2	100,0	1	Nil
Other	577 636		577 636	661 936	(89 388)	(15,5)	142 159	92 785
Capital	52 703		52 703	75 891	(18 104)		52 186	32 506
Acquisition of capital assets	52 703		52 703	75 891	(18 104)	(34,4)	52 186	32 506
Total	776 000		776 000	897 937	(121 937)	(15,7)	282 982	205 315

Standard items – actual expenditure	Adjustment estimate 2001/02 (R'000)	Virement 2001/02 (R'000)	Amount voted 2001/02 (R'000)	Expendi- ture 2001/02 (R'000)	Savings (excess) 2001/02 (R'000)	%	Amount voted 2000/01 (R'000)	Expendi- ture 2000/01 (R'000)
Personnel	145 659		145 659	160 110	(14 451)	(9,9)	88 636	80 024
Administrative	119 673		119 673	163 463	(43 790)	(36,6)	53 986	33 748
Inventories	66 020		66 020	51 534	14 486	21,9	14 295	10 722
Equipment	52 703		52 703	75 891	(23 188)	(44,0)	52 186	43 460
Land and buildings	1 608		1 608	418	1 190	74,0	369	233
Professional and special services	390 333		390 333	443 553	(53 220)	(13,6)	72 292	34 427
Transfer payments	2		2	Nil	2	100,0	1	Nil
Miscellaneous	2		2	11	(9)	(450,0)	1 217	462
Special functions	Nil		Nil	2 957	(2 957)	(100,0)		2 239
Total	776 000		776 000	897 937	(121 937)	(15,7)	282 982	205 315

Notes to the Appropriation statement

for the year ended 31 March 2002

1. Explanations of material variances from Amount Voted (after Virement)

1.1 Per programme

Programme 3

Overspending on Census as explained in the Management Report.

Special functions

Losses incurred during Census '96 that were previously being followed up and losses incurred during Census 2001.

1.2 Per standard item

Personnel

Excess due to more personnel being appointed than originally planned because of the processing of census questionnaires being brought forward.

Administrative

Excess due to the use of more hired motor vehicles than was originally planned.

Equipment

Excess due to processing of census questionnaires being brought forward and the need to procure equipment such as computers and scanners and other electronic data processing peripherals.

Professional Services

Overspending due to the increased use of consultants.

2. Reconciliation of appropriation statement to income statement:

	2001/02 (R'000)	2000/01 (R'000)
Total revenue per income statement	797 023	291 196
Less: Non-voted funds	17 948	6 043
Less: Local and foreign aid assistance (including RDP funds)	3 075	2 171
Amount voted per appropriation statement	776 000	282 982
Total expenditure per income statement	902 002	216 594
Less: Expenditure on contract work	1 710	5 940
Less: Local and foreign aid assistance (including RDP funds)	2 355	5 341
Actual expenditure per appropriation statement	897 937	205 313

Summary Income statement of aid assistance received

for the year ended 31 March 2002

	Notes	2001/02 (R'000)	2000/01 (R'000)
Received in kind			
Total foreign aid assistance	2.3	9 000	9 300
Sida		9 000	9 300
Aid assistance received in kind		9 000	9 300
Received in cash			
Total foreign aid assistance	2.2	3 531	2 199
ILO		443	Nil
Switzerland		1 000	Nil
OECD		37	Nil
SADC		15	27
NORAD		2 036	2 172
Aid assistance received in cash		3 531	2 199
Less:			
Total foreign aid assistance	10.1	4 046	5 454
ILO		294	256
Switzerland		1 122	807
DIFD		1 420	844
Sida		240	238
SADC		31	8
NORAD		939	3 301
Aid assistance paid in cash		4 046	5 454
Surplus		(515)	(3 255)
Analysis of surplus:			
Rolled forward	21	(515)	(3 255)
		(515)	(3 255)

Statement of foreign aid assistance received (including RDP) as at 31 March 2002

Source of funds Actual 2002 R'000	Intended use	Amount rolled over 1 April 2001	Amount received for the year ended 31 March 2002	Amount spent for the year ended 31 March 2002	Balance unspent/ (overspent) as at 31 March 2002
ILO	Survey of activities of young people	(113)	330	294	37
Switzerland	Local government capacity building	2 715	1 000	1 122	2 293
OECD	Regulatory Reporting project	Nil	37	Nil	37
DIFD	October household survey	1 420	Nil	1 420	Nil
Sida	Ad hoc projects	384	Nil	240	144
SADC	Workshops	19	15	31	3
Norad	Time use and gender analysis	169	2 036	939	1 265
		4 594	3 531	4 046	4 079

Source of funds Actual 2001 R'000	Intended use	Amount rolled over 1 April 2000	Amount received for the year ended 31 March 2001	Amount spent for the year ended 31 March 2001	Balance unspent/ (overspent) as at 31 March 2001
ILO	Survey of activities of young people	143	Nil	256	(113)
Switzerland	Local government capacity building	3 522	Nil	807	2 715
DIFD	October household survey	2 264	Nil	844	1 420
Sida	Ad hoc projects	622	Nil	238	384
SADC	Workshops	Nil	27	8	19
Norad	Time use and gender analysis	1 298	2 172	3 301	169
		7 850	2 199	5 454	4 594

Value received in kind

Source of foreign aid	Intended use	2001/02 R'000	2000/01 R'000
Sida	Capacity building	9 000	9 300
		9 000	9 300

Performance information on use of assistance

Training in the use of Total Quality Management techniques was given by Statistics Sweden under the Sida donation. Norad funded training in the analysis of the results of a time use survey.

Pending applications for assistance

Source of assistance	Intended use	2002/03 R'000
AusAid	Management training	1 000
Norad	Capacity building	3 000
SDC	Capacity building	3 000
		7 000

Annual financial statements

*Dissemination and
Marketing Trading Account*

Management report

for the year ended 31 March 2002

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

1. General review of the state of financial affairs

The Trading Account was implemented as from April 2000. The accounts are kept on an accrual basis. The main purpose of the trading account is to market and sell the publications of the Department. The reason for the trading account is to generate funds to cover the costs of marketing the publications.

The Trading Account reflected a surplus of R0,12 million at the end of the 2001/2002 financial year. Sales during the financial year totalled R1,03 million. The cost of material used to sell equalled R0,04 million. Operating expenditure was R0,87 million. Interest of R7 000 was earned on the banking account.

Sales consisted of departmental publications and electronic tables.

2. Tariff policy

The treasury approved all tariffs. The prices are generally fixed at market-related rates.

3. Corporate governance arrangements

Although this account is a separate accounting entity, the Accounting Officer remains directly accountable and the activities of the Trading Account are subject to all the policies of the Department.

4. New/proposed activities

The activities of the Trading Account are more intensive in the two financial years following the release of Census data. A new pricing policy will be developed for the dissemination of Census 2001 data, which is expected to be available during the 2003/2004 financial year.

5. Consumables

Consumables are written off when used.

Approval

The annual financial statements set out on pages 90 to 98 have been approved by the Accounting Officer.



PJ Lehohla
Statistician-General (Accounting Officer)

31 May 2002



AUDITOR - GENERAL

Report of the Auditor-General

to Parliament on the Financial Statements of the Dissemination and Marketing Trading Entity for the year ended 31 March 2002

1. Audit assignment

The financial statements as set out on pages 90 to 98, for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

2.1 Audit of financial statements

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

An audit includes:

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

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

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

3. Qualification

3.1 Non-compliance with generally accepted accounting practice

According to section 40(1)(b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), read with Treasury Regulation 18.2.1, trading entities must prepare financial statements in accordance with generally accepted accounting practice (gaap). The financial statements do not fully comply with these requirements. Examples are insufficient disclosure of the cost of sales and inventory. The trading entity did not disclose the reasons for deviating from gaap.

4. Audit opinion

4.1 Qualified audit opinion

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Dissemination and Marketing Trading Entity at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

5. Appreciation

The assistance rendered by the staff of the Dissemination and Marketing Trading Entity during the audit is sincerely appreciated.



H van Zyl
for Auditor-General

Pretoria
08/08/2002

Balance sheet

at 31 March 2002

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Assets			
Non-current assets		123	106
Property, plant & equipment	3	123	106
Investments		Nil	Nil
Related party loan		Nil	Nil
Current assets		1 310	2 613
Inventory	7.1	Nil	Nil
Accounts receivable	4	403	2 613
Cash resources	11	907	Nil
Total assets		1 433	2 719
Equity and liabilities			
Capital and reserves			
Capital		Nil	Nil
Accumulated profit	15	805	782
Owner's equity		805	782
Current liabilities		628	1 937
Bank overdraft		Nil	Nil
Accounts payable	5	528	1 937
Provisions		100	Nil
Total capital and liabilities		1 433	2 719

Income statement

for the year ended 31 March 2002

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Revenue	6	1 027	2 610
Cost of consumables used	7.2	(42)	(209)
Gross profit		985	2 401
Other income		7	3
Total income		992	2 404
Operating expenses		(960)	(1 622)
Profit from operations		32	782
Interest and finance costs		n/a	n/a
Operating profit before tax		32	782
Taxation		n/a	n/a
Net profit/(loss) for the year		32	782

Statement of changes in equity

for the year ended 31 March 2002

	Note	Capital (R'000)	Accumulated profit/(loss) (R'000)	Total (R'000)
Balance at 1 April 2000		Nil	Nil	Nil
Net profit at 31 March 2001		Nil	782	782
Balance at 1 April 2001		Nil	782	782
Adjustment	15	Nil	(9)	(9)
Net profit for the year		Nil	32	32
Balance at 31 March 2002		Nil	805	805

Cash flow statement

for the year ended 31 March 2002

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Cash flow from operating activities			
Cash receipts from customers	10	3 237	(3)
Cash paid to suppliers and employees	11	(2 267)	106
Cash utilised in operations		970	103
Interest paid		Nil	Nil
Interest received		7	3
Cash flows from investing activities			
Property, plant and equipment acquired		(70)	(106)
Proceeds on disposal of property, plant and equipment		Nil	Nil
Cash flows from financing activities			
Increase in long-term borrowings		Nil	Nil
Decrease in investments		Nil	Nil
Increase in loans receivable		Nil	Nil
<i>Net cash generated by financing activities</i>		Nil	Nil
Net cash increase in cash and cash equivalents		Nil	Nil
Cash and cash equivalents at beginning of year		Nil	Nil
Cash and cash equivalents at end of year		907	Nil

Notes to the annual financial statements

for the year ended 31 March 2002

1. Accounting basis

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policy which is consistent with that of the previous year.

1.1 Property, plant and equipment

Property and plant are not depreciated. Computer and office equipment and furniture and fittings are depreciated on the straight line basis at rates considered appropriate to reduce book values to estimated residual values over the useful life of the assets. The following annual rates have been used:

Furniture & fittings	20,0% p.a
Office equipment	33,3% p.a
Computer equipment	33,3% p.a

2. Revenue

Revenue comprises proceeds from the sale of statistical data in printed publications and electronic tables. Revenue collected by the Trading Account has been retained in the account unless required to be surrendered to the National Revenue Fund.

3. Property, plant and equipment

	Computer equipment (R'000)	Furniture & fittings (R'000)	Office equipment (R'000)	Total (R'000)
Owned assets				
1 April 2001	67	32	7	106
Additions	41	29	Nil	70
March 31 2002	108	61	7	176
Depreciation				
April 2000 – March 2001	7	1	1	9
April 2001 – March 2002	31	11	2	44
Depreciation at 31 March 2002	38	12	3	53
Net book value at 31 March 2002	70	49	4	123

4. Receivables

	2001/2002 (R'000)	2000/2001 (R'000)
Customer control account	129	194
Cash advances to provinces	101	Nil
Stats SA debtors	100	2 419
Recoverable expenses claimed (CensusAtSchool)	73	Nil
	403	2 613

5. Accounts Payable

	2001/2002 (R'000)	2000/2001 (R'000)
Stats SA creditors	345	1 937
Unallocated received	183	Nil
Provision auditors fee	100	Nil
	528	1 937

6. Revenue

	2001/2002 (R'000)
National Community Profiles SuperCross	80
National Community Profiles Ascii	232
Provincial Community Profiles SuperCross	32
Provincial Community Profiles Ascii	24
National 10% sample	10
Customise special request	63
Special request	158
Census reports	12
SuperCross licence	35
Census royalty	43
Non-census reports	255
October Household Survey Ascii	73
October Household Survey SuperCross	9
October Household Survey hard copy	1
	1 027

7. Inventory and consumables

7.1 Inventory

Marketing & Dissemination was established on the basis that it incurs marketing and dissemination costs and not production costs. Production costs will be covered by voted funds.

7.2 Consumables

	2001/2002 (R'000)
SuperCross licence	26
EPD material CD	13
EPD material diskette	3
	<u>42</u>

Consumables are written off when used.

8. Bad debts written off

When identified as irrecoverable, approval by Accounting Officer is required.

9. Reconciliation of cash flows generated from operations

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Net profit before taxation		32	782
Adjustment for depreciation		44	Nil
		<u>76</u>	<u>782</u>
Movements in working capital			
Decrease in accounts receivable	10	3 237	2 416
Increase in accounts payable	11	2 267	1 937
Increase in inventory		Nil	Nil
		<u>5 504</u>	<u>4 353</u>

10. Decrease in accounts receivable

	2001/2002 (R'000)	2000/2001 (R'000)
Opening balance	2 613	Nil
Revenue	1 027	2 610
Less: Closing balance	(403)	(2 613)
Received during the year	<u>3 237</u>	<u>(3)</u>

11. Increase in accounts payable

	2001/2002 (R'000)	2000/2001 (R'000)
Opening balance	1 937	Nil
Payments: Cost of sales	42	209
Operating expenses	960	1 622
Adj: Depreciation	(44)	Nil
Adj: Provisions	(100)	Nil
Closing balance	(528)	(1 937)
Payments during the year	2 267	(106)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and comprise the following balance:

Cash resources	907	Nil
Bank overdraft	Nil	Nil
	907	Nil

12. Employee benefit

The employees render services for the Trading Account and Statistics South Africa. Provision for employee benefits are made by Statistics South Africa and are included in their account.

13. Related party transactions

The Trading Entity operates within Statistics South Africa. The transactions between the two parties are on a recoverable basis.

14. Provision for auditors fee

Written off against the Income Statement.

15. Changing of accounting policy

	2001/2002 (R'000)
Depreciation for the year 2000/2001 is written against retained income in the year 2001/2002 financial year.	
Retained income 2000/2001	782
Adjustment depreciation 2001/2002	(9)
Retained income 2001/2002	32
	805

Detailed Income statement

for the year ended 31 March 2002

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Revenue		1 027	2 610
Cost of consumables	7.2	(42)	(209)
Gross profit		985	2 401
Interest income		7	3
Rental received		Nil	Nil
Profit on sale of asset		Nil	Nil
Total income		992	2 404
Expenditure before interest		(960)	(1 622)
Net profit		32	782

Schedule of expenditure

for the year ended 31 March 2002

	Notes	2001/2002 (R'000)	2000/2001 (R'000)
Bad debts	8	1	Nil
Bank charges		6	1
Membership subscription		7	4
Computer expenses		Nil	Nil
Auditors fees		100	Nil
Professional services – repairs		5	35
Courier services		6	9
Depreciation		44	Nil
Consultant fees		3	51
Cleaning material		Nil	Nil
Food & catering		2	13
Accessories		2	Nil
S&T local		4	2
S&T foreign		13	6
Motor vehicle expenses		4	2
Printing & stationery		Nil	14
Conference facilities		4	65
Personnel expenses		696	460
Training – staff local		2	4
Printing		15	3
Telephone services		12	8
Travelling & accommodation		34	131
Advertisements		Nil	60
SuperCross licence		Nil	753
Additional expenses		Nil	1
		960	1 622

Dissemination and Marketing Trading Account