



PRESIDENT'S FUND

Annual Report 2007/08

DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT



the doj & cd

Department:
Justice and Constitutional Development
REPUBLIC OF SOUTH AFRICA

TABLE OF CONTENTS

Part 1 - Report of the Auditor-General.....	1
Part 2 - Report of the Accounting Officer.....	3
Part 3 - Report of the Audit Committee.....	7
Part 4 - Financial Statements.....	9
Statement of Financial Position.....	10
Statement of Financial Performance.....	11
Statement of Changes in Equity.....	12
Cash Flow Statement.....	13
Accounting Policies.....	14
Notes to the Financial Statements.....	15

PRESIDENT'S FUND

Annual Report 2007/08

PART ONE

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ANNUAL FINANCIAL STATEMENTS OF THE PRESIDENT'S FUNDS FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the President's Fund which comprise the statement of financial position as 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 15.

Responsibility of the accounting authority for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP), and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), the Treasury Regulations for Public Entities issued in terms of the Act. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management;
- overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

The President's Fund policy is to prepare financial statements in accordance with Statements of Generally Accepted Accounting Practice, as set out in note 2 to the financial statements.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of the President's Fund as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by National Treasury as described in note 2 to the financial statements and in a manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

APPRECIATION

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

Auditor-General

Pretoria

31 July 2008



AUDITOR-GENERAL

PRESIDENT'S FUND

Annual Report 2007/08

PART TWO

REPORT OF THE ACCOUNTING OFFICER

REPORT OF THE ACCOUNTING OFFICER

REPORT OF THE ACCOUNTING OFFICER ON THE ANNUAL FINANCIAL STATEMENTS OF PRESIDENT'S FUND FOR THE YEAR ENDED 31 MARCH 2008

I. GENERAL REVIEW

- 1.1 The President's Fund was established in terms of section 42 of the Promotion of National Unity and Reconciliation, 1995 (Act No. 34 of 1995).
- 1.2 Parliament approved the following measures to victims on the recommendations of the State President and subsequent recommendations of the Ad hoc Joint Committee of both houses of Parliament on the tabling of the final two volumes of the Truth and Reconciliation Commission (TRC) Report.
 - 1.2.1 Once-off individual grant of R30,000 to those individuals or survivors designated by the TRC.
 - 1.2.2 Symbols and Monuments: Systematic programmes to project academic and formal records of history, cultural and art forms as well as erecting symbols and monuments that exalt the freedom struggle, including new geographic and place names.
 - 1.2.3 Medical and other forms of Social Assistance: Programmes to provide for medical benefits, education assistance and provision of housing as well as other social benefits to address the needs of TRC identified victims.
 - 1.2.4 Rehabilitation of Communities: Whole communities, other than individuals linked to the TRC process, who suffered and are still in distress. Therefore the need for such communities to be rehabilitated through various programmes initiated and supported by Government.
- 1.3 Sub-section 42(2) of the said Act states that "there shall be paid from the Fund all amounts payable to victims by way of reparation in terms of regulations made by the President".
- 1.4 To give effect to the payment of the once-off individual grant of R30,000 regulations were gazetted on 12 November 2003.
- 1.5 As at the end of the financial year under review, of the 16,837 applicants for reparation approved by the TRC, 15,839 (94%) have been paid the once-off individual grant totalling R475 million. There are 998 beneficiaries still to be paid of which 423 are still being traced by the Regional Structures of Government Communication and Information System (GCIS) as well as a professional tracing agency, 375 have been traced but not yet paid, due to them not having supplied the necessary regulatory requirements and 200 applicants who had received interim reparations, died before the payment of final reparation. The President's Fund is consulting with families of the deceased to establish the rightful next of kin in terms of regulations directing disbursements of the individual grants.
- 1.6 Symbols and Monuments: This aspect of the reparation measure is being undertaken by the Freedom Park Trust as well as the Department of Arts and Culture and South African Heritage Resources Agency (SAHRA). This is work in progress and voted funds are being utilised. No request has so far been made by the abovementioned agencies for funding from the President's Fund.
- 1.7 Medical and other forms of social assistance as well as rehabilitation of communities.
 - 1.7.1 The exhumation of the remains of missing persons reported to the TRC during amnesty hearings are being conducted by the Priority Crimes Litigation Unit (PCLU) established at the National Prosecuting Authority (NPA). The mortal remains of the victims after the necessary DNA testing is carried out is handed to the families for re-burial. Regulations enabling access to the monies in the President's Fund to assist the affected families with travelling and re-burial costs have been drafted. As at 31 March 2008 these draft regulations were en route to the Office of the State President for enactment.
 - 1.7.2 In order to draft regulations for the aforementioned two categories i.e. health and other social benefits and community rehabilitation, the government departments concerned have been approached to develop policies to give effect to reparation programmes or to furnish their existing policies and programmes regarding TRC related victims as well as affected communities. These policies will assist the Department of Justice and Constitutional Development (DOJ&CD) to draft the necessary regulations as well as its monitoring and reporting mandate. The Departments of National Housing

REPORT OF THE ACCOUNTING OFFICER

and Education have made considerable progress with regard to housing and bursaries for TRC victims.

2. DONOR FUNDS

No donations were received for the financial year under review.

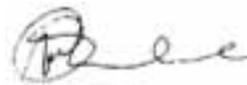
3. CORPORATE GOVERNANCE ARRANGEMENTS

The Fund utilises the services of the DOJ&CD for its risk management approach, fraud prevention policies, effectiveness of internal audit and audit committee. It also utilises governance structures including management processes of the said Department.

4. OTHER

We shall continue to utilise the unexpended balance of the money in the Fund for the purposes for which the Fund was established and by direction of the regulations enacted.

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



Adv. Menzi Simelane
Accounting Officer



PRESIDENT'S FUND

Annual Report 2007/08

PART THREE

REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2008

AUDIT COMMITTEE RESPONSIBILITY

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

THE EFFECTIVENESS OF INTERNAL CONTROLS

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. Although no risk assessment was carried out, from the various reports of the internal auditors, the audit report on the annual financial statements and the management letter of the Auditor General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can

report that the system of internal control for the period under review was efficient and effective.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has

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

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.



Chairperson of the Audit Committee

5 August 2008

PRESIDENT'S FUND

Annual Report 2007/08

PART FOUR

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2008

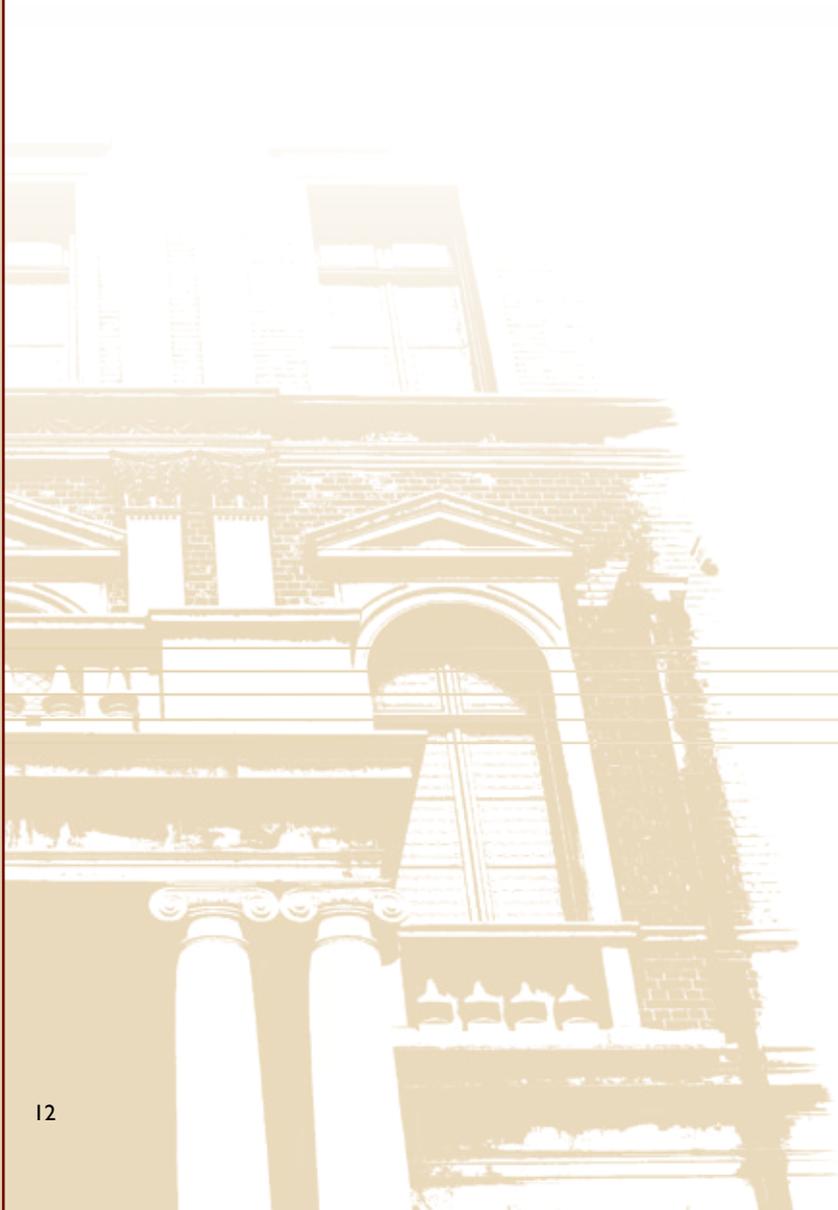
	NOTES	2008 R	2007 R
ASSETS			
Non-current assets			
Investments	4	779,087,015	723,589,927
Current assets		32,843,310	20,909,436
Bank	7	6,529,709	14,548,056
Accounts receivables	5	26,313,601	6,361,380
Total Assets		811,930,325	744,499,363
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		780,906,318	706,206,743
Current liabilities		31,024,007	38,292,620
Accounts payable	6	31,024,007	38,292,620
Total equity and liabilities		811,930,325	744,499,363

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
	NOTES	R	R
REVENUE		75,623,633	56,301,935
Royalties		7,045	6,905
Interest		75,616,588	56,295,030
Less: Expenses		967,958	1,147,945
Interim reparations		72,234	97,080
Final reparations		720,000	1,041,650
Service provider-BDB		5,611	6,222
Bank charges		3,463	2,993
Provision for bad debts		166,650	
Operating profit for the period	3	74,655,675	55,153,990

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2008

	2008
	R
RETAINED EARNINGS	
Balance as at 31 March 2006	651,052,753
Profit for the period	55,153,990
Adjustment for prior period error	43,900
Balance as at 31 March 2007	706,250,643
Profit for the period	74,655,675
Balance as at 31 March 2008	780,906,318



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	2008	2007
	R	R
Cash flows from operating activities	47,478,741	44,034,049
Profit for the period	74,655,675	55,153,990
Adjustments for:		
Interest received	(75,616,588)	(56,295,030)
Retained earnings	43,900	
	(917,013)	(1,141,040)
(Increase) in accounts receivable	(19,952,221)	(2,610,707)
(Decrease) in accounts payable	(7,268,613)	(8,509,234)
Cash generated from operations	(28,137,847)	(12,260,981)
Interest received	75,616,588	56,295,030
Cash flows from investing activities	(55,497,088)	(33,657,576)
(Increase) in investments	(55,497,088)	(33,657,576)
Net increase/(decrease) in cash and cash equivalents	(8,018,347)	10,376,473
Cash and cash equivalent at the beginning of the period	14,548,056	4,171,583
Cash and cash equivalent at end of the period	6,529,709	14,548,056

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2008

1. CORPORATE INFORMATION

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

2. BASIS OF PRESENTATION

The financial statements are compiled on the historical cost basis in accordance with the undermentioned policies which are in conformity with the generally accepted accounting practice and were applied consistently in every material respect, except where stated otherwise. The financial statements are presented in South African Rand.

2.1 REVENUE

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

2.2 EXPENDITURE

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

2.3 INVESTMENTS - HELD TO MATURITY

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

2.4 FINANCIAL INSTRUMENTS

2.4.1 Trade and other receivables

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

2.4.2 Trade and other payables

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

2.4.3 Cash and cash equivalents

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

2.5 CONTINGENT LIABILITIES

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

2.6 CASH FLOW STATEMENT

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

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING PROFIT

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

	2008	2007
	R	R
Income	75,623,633	56,301,935
Royalties	7,045	6,905
Interest received	75,616,588	56,295,030
Less: Expenses	967,958	1,147,945
Interim reparation	72,234	97,080
Final reparation	720,000	1,041,650
Service provider-BDB	5,611	6,222
Bank charges	3,463	2,993
Provision for bad debts	166,650	
Operating profit	74,655,675	55,153,990
4. INVESTMENTS - HELD TO MATURITY	779,087,015	723,589,927
Call account	79,087,015	101,926,219
Fixed deposit	700,000,000	621,663,708
5. TRADE AND OTHER RECEIVABLES	26,313,601	6,361,380
Accrued interest	26,206,587	6,087,086
Reparation payments recoverable:	107,014	274,294
Accounts receivable	273,664	-
Less Provision for bad debts	(166,650)	-
6. TRADE AND OTHER PAYABLES	31,024,007	38,292,620
Reparation payments approved	31,023,899	38,292,379
Accruals	108	241
7. CASH AND CASH EQUIVALENTS		
Cash at bank (current account)	6,529,709	14,548,056
8. CONTINGENT LIABILITIES		

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

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

At 31 March 2008 the estimate amounted to R77,720,000

