2010 | ANNUAL REPORT

leveraging ict to enable service delivery

SITA

stateinformationtechnologyagency

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VISION

"Be the lead ICT agency to enable public sector service delivery."

MISSION

"To render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to service delivery and citizen convenience."

CORPORATE VALUES

In seeking to promote its vision and mission in the context of good governance, SITA has developed and promotes the following values:

- Service Excellence – We shall strive to attain internationally recognised standards of service quality and maintain continuous improvement in service delivery;
- Innovation – We shall pursue innovation by demonstrating thought leadership and proactive behaviour on the use of information and communication technology to enhance public service delivery;
- Transparency – We shall always ensure transparency in everything we do in order to build trust and confidence with all our stakeholders;
- Integrity – We shall conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability amongst all our employees;
- Fairness – We shall treat all our partners, our suppliers and our employees with fairness and equity at all times; and
- Prudence – We shall exercise prudence and economy in running the business of SITA and in pursuance of its goals and the objectives of government.

MANDATE

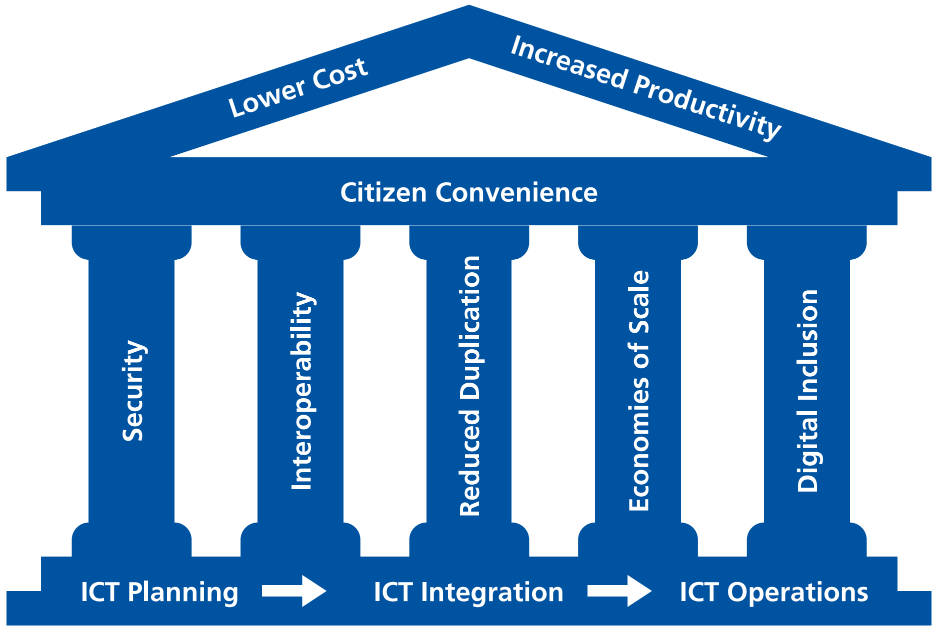
The State Information Technology Agency (Proprietary) Limited (SITA) was established in 1999 to consolidate and coordinate the South African government's information technology (IT) resources in order to achieve cost savings through economies of scale, increased delivery capabilities and enhanced interoperability of systems. SITA is committed to leveraging IT as a strategic resource for government, managing the IT procurement and delivery process to ensure that government receives value for money, and using IT to support the delivery of e-Government services to all citizens.

SITA is governed by the SITA Act No. 88 of 1998, as amended by the SITA Act No. 38 of 2002. Section 6 of this Act states the objectives of the agency as follows:

- To improve service delivery to the public through the provision of IT, information systems and related services, in a maintained information system security environment, to government departments and public bodies; and
- To promote the efficiency of departments and public bodies through the use of IT.

Furthermore, the Act separates SITA's services into mandatory services (services that SITA must provide) and non-mandatory services (services that SITA may provide). SITA remains committed in all its activities to adhere to government's 'ICT House of Value', which seeks to leverage economies of scale, enhance interoperability of government systems security, eliminate duplication and enhance black economic empowerment (BEE).

ICT HOUSE OF VALUE



THE YEAR UNDER REVIEW: APRIL 2009 – MARCH 2010

"THE LEAD
ICT AGENCY
ENABLING PUBLIC SECTOR
SERVICE DELIVERY"

SITA
stateinformationtechnologyagency

Over the past few years, South African citizens have come to expect more from government and are calling for visible improvement in the quality and speed of public sector service delivery. Now, more than ever, South Africans are demanding an efficient, effective and development-oriented public service. President Zuma, in his State of the Nation Address in February 2010, urged the public sector to work "faster, harder and smarter" in order to meet these expectations. Another directive was that the administration should continuously strive to understand the needs, desires and expectations of the people of our country.

The role of the State Information Technology Agency (SITA) is central to leveraging information communication technology (ICT) as a strategic resource in order to support public sector development and citizen convenience. Core to the public sector's capacity to deliver the required services is SITA's mandate to provide government with ICT and ICT related services in a maintained information systems security environment. In delivering on its mandate, the technology procured by SITA for government, through economies of scale, must enable government departments to function more effectively and contribute to public sector modernisation.

Working in tandem with this modernisation, ICTs must be used innovatively to improve service delivery to citizens, and ensure value for government's ICT investment. Furthermore, in line with the Batho Pele principles, ICT use and spend must be a driver that contributes to public service development in a way that demonstrates practically to citizens that government is putting people first through all areas of its work. Therefore, ICT and its ability to enable a more efficient and effective government will drive SITA's strategy, operations and models for delivery.

TURNAROUND STRATEGY

A priority for the 2009/10 financial year was to address the challenges facing SITA in relation to its progress in achieving the objectives formulated more than ten years ago when SITA was conceived. As the Shareholder, government developed a turnaround framework representing a business case for SITA's transformation against the backdrop of its mandate and founding principles.

A task team comprising of the Department of Public Service and Administration (DPSA), Department of Communication (DOC), Department of Defence (DOD) and State Security and Government Information Technology Officers Council (GITOC) was established to develop the turnaround framework. Following the approval of this framework by Cabinet in March 2010, the SITA Board was strengthened with the appointment of additional members to enhance executive oversight of the institution.

Furthermore, working differently for an efficient, effective and development-oriented public service is the foundation from which to build on the turnaround framework. As we create a SITA for today, tomorrow and the future, a key element to be addressed through the SITA turnaround includes SITA's transformation from a procurement service to a holistic and decentralised supply chain management service. A base has also been established from which to create a new client relationship management approach, with improved services and quality of service as the heartbeat of its service delivery.

Given the overall change in the public ICT sector space, re-engineering and building SITA to support government's strategic objectives became essential for its continued relevance to government.

STRENGTHENING PUBLIC SERVICE THROUGH ICTs

The year under review also marked a decade of existence for SITA, since its establishment in 1999. Although the agency has contributed significantly to the public sector by means of its ICT solutions and programmes implemented since its inception, more can and must be done.

Improving systems security within government is a priority and represents one of the pillars of the ICT House of Value. During this financial year, a team consisting of members from the National Intelligence Agency, Electronic Communications Security, the Special Investigation Unit, SITA and the DPSA assessed the security gaps in various government departments and identified the need for improved security controls on critical ICT infrastructure and applications.

Following this assessment, a draft government-wide ICT Security Governance Framework and ICT Security Standards blueprint were developed. Amongst others, the framework will ensure adequate access control measures to protect information and ICT resources from loss, data corruption, unauthorised use or viewing, as well as denial of service. In the improvement of government information systems, standardisation of government's ICT environment is critical. In the arena of government ICT security, standardisation and compliance are essential to mitigate key risks. The information security standards provide a framework for best practice across all government departments and will minimise risks and ensure effective responsiveness to all incidents. These security standards will ensure that government's information and information systems are protected from unauthorised access, modification, disclosure and/or destruction.

The Government-Wide Enterprise Architecture (GWEA) framework, developed by SITA to set the minimum standard by which to use an Enterprise Architecture approach, will also enhance coherence and standardisation of ICT plans and blueprints across government. SITA's support to Government Information Technology Officers (GITOs) on the GWEA framework and the development of Master Systems Plans (MSPs) – to identify possible solutions and opportunities for the use of ICTs in government – is ongoing. The objective of this exercise is to tightly align the solution architectures emerging from GWEA with the strategic objectives of the respective government departments. This approach will ensure better planning by government departments and will provide SITA with a better understanding of government's requirements. Moreover, it will also result in proactive identification of solutions to improve service delivery.

As part of government modernisation, the Integrated Financial Management System (IFMS) reached an important milestone in March 2010, with the launch of the Asset Register Release 1.1 by National Treasury. The Asset Register forms part of the broader Supply Chain Management module of IFMS. Upon completion, the IFMS project will replace the current legacy transversal applications, including the Basic Accounting System (BAS), the Personnel and Salary System (PERSAL) and the Logistics Management System (LOGIS).

One of the consequences of the global recession was that government spend was subjected to heightened scrutiny. Given government's huge ICT investment in the public sector, cost-effectiveness (including capitalising on its spending power to reduce the cost of ICT solutions, services and products) became the order of the day. Measures identified to realise ICT cost savings for national and provincial government departments included:

- Improved ICT asset management;
- Configuration management;
- Improved software asset management to achieve economies of scale; and
- Sustainable ICT.

NEXT GENERATION E-GOVERNMENT SERVICES

The focus of ICT interventions to ensure synergy, integration and access remains an important priority for government, as it prioritises citizen convenience. e-Government is often punted as the realisation of a citizen-centred service delivery and a hallmark of integrated service delivery where services provided are built around the citizen. As the shareholder, we are currently engaging with national and provincial governments on the implementation of the next phase in e-Government. For now, an agreement has been reached on a proposal to develop a prototype of a transversal e-Government platform. The platform is transactional in nature and will automate and e-enable six pro-poor services in the Social and Justice Cluster, which include applications for birth registrations, identity documents, foster care grants, old age pensions, maintenance orders, and death notices.

EXTENDING SERVICE DELIVERY THROUGH THUSONG SERVICE CENTRES

The accessibility of government departments' service points to communities living in some of the poorest, most underdeveloped and rural areas of the country was assessed. This study identified geographical areas where access needs to be improved, additional service delivery points created, mobile services deployed, or new Thusong Service Centres (TSCs) established. TSCs are integrated service centres aimed at bringing relevant and much needed services to people in remote areas. Furthermore, the programme scope of providing general service counters to TSCs was extended to include centralised infrastructure and local area network requirements. A security work stream has been brought on board to ensure that IT security governance frameworks are applied, managed and monitored. Currently, there are 139 TSCs across the country and plans are in place to introduce these centres into urban areas as well. To this end, a pilot project is being run from Maponya Mall in Soweto.

Another milestone during the year was the ICT support rendered by SITA in developing and supporting the Presidential Hotline. This hotline represents a significant step towards providing South Africans with direct access to the highest office in the country, as well as an opportunity to improve the interaction between government and its people.

In conclusion, and on behalf of government, I wish to extend our gratitude and appreciation to the Chairperson of the Board, Ms Zodwa Manase and all the Board Members for their oversight role played in creating a new and improved SITA. Furthermore, I would also like to acknowledge SITA for their contribution in working with government to improve its service delivery capabilities.

Mr. Masenyani Richard Baloyi
Minister of Public Service and Administration
August 2010

The 2009/10 financial year will be remembered as one of the most significant in the history of SITA as we celebrated our 10th anniversary and shifted gears in preparation for SITA's turnaround. When SITA was formed, its objectives were to achieve increased productivity in the public sector; reduce the cost of service delivery; ensure inter-operability of government ICT systems; achieve better security of data, information and access; remove unnecessary duplication; realise economies of scale and promote access to government and citizen convenience.

In celebrating a decade of existence, we utilised the opportunity to assess the road travelled to meet these expectations. We also explored ways in which we could improve on our performance in order to achieve all of the said objectives. Central to the response received was the role of SITA as an enabler – not merely an agency with a regulatory or provisioning role, but one that has brought with it recognised ICT expertise and leadership in support of government's vision.

SITA is ever mindful of the fact that it should provide value for money and efficiency in its service delivery to government, while ensuring inter-operability and security of government information, as these elements also represent the pillars of the ICT House of Value.

From a Board perspective, it is crucial that SITA remains responsive to the expectations of our shareholder, stakeholders and clients, and that the organisation delivers on its values of service excellence, transparency, integrity, fairness, prudence and innovation. To this end, a new focus was adopted to engage with our stakeholders and to determine whether the agency was fulfilling its mandate and service delivery promise to the satisfaction of our stakeholders.

During the year, the Board endorsed the review of SITA as part of the legwork to be performed prior to the implementation of the turnaround strategy, which in part sought to address concerns from stakeholders. These included the need to revise SITA's business and operating models and the strategic management of resources for improved service delivery to government.

SITA found itself having to deal with the need for enhanced service delivery from its clients, whilst at the same time mitigating the risks flowing from the impact of the global economic recession.

SITA's mixed record of successes and challenges clearly signified the importance of change to ensure shareholder confidence and client satisfaction.

On the other hand, the prevailing economic climate highlighted the need for the introduction of rigorous financial controls and tight monitoring of budgets to ensure that SITA works smarter to deliver more with less. Expenditure was reviewed and a company-wide operational budget cut was introduced.

Within the context of fiscal discipline, SITA too had to rise to the occasion to reduce government's cost of doing business. New protocols to leverage economies of scale in the procurement of goods, services and solutions on behalf of government were instituted. A review of SITA's pricing and costing structures, its License Management Strategy and IT Asset Management Strategy represented important components of this work. Strategic discussions regarding the implementation of a relevant agency framework for the organisation are ongoing.

From engagements with various SITA stakeholders, it also emerged that there is a real need to enhance SITA's customer relationship management and engagements with our business partners at both national and provincial level. High-level engagements with SITA stakeholders proved to be invaluable in assisting us to chart the way forward. Key service-related issues will be addressed by the implementation of a SITA Customer Relationship Management (CRM) system in order to improve the organisation's responsiveness.

As indicated earlier, the need to improve our responsiveness to service requests and to meet our clients' expectations remains a high priority area. In this respect, it is critical that SITA's procurement arm is repositioned so that it can be responsive to client needs without sacrificing sound corporate governance principles. To counter this area of weakness, the procurement portal where users can register requests and monitor progress, is being implemented to ensure improved efficiency.

A key concern targeted for improvement was turnaround times in the procurement process. The SITA database of suppliers, its management and the inconsistencies in the transversal tender engagement model were also earmarked for change.

On meeting the key strategic objective of modernising public service operations, we have achieved some important milestones. The e-Government Centre of Excellence (e-CoE) was established, the portal was enhanced, content updated and partnerships initiated on e-Government. Furthermore, the completed e-Government Strategic Framework has the potential to cut costs of service delivery by government, while increasing convenience and improving accessibility.

During the course of the financial year, SITA was registered as a first-tier Wireless Application Service Provider (WASP). This will allow the organisation to increase citizen access to services through wireless applications, including cellular phones.

The IFMS Finance Model and Cost Recovery Model are 85% complete and the IFMS Repository for all project documents is 70% complete. As the Prime Systems Integrator on the IFMS project, the launch of the IFMS Asset Register Release 1.1 by National Treasury during the latter part of the financial year was a significant development for SITA. This module forms part of the broader Supply Chain Management module of IFMS.

To extend SITA's service footprint and ensure SITA's engagement in areas of need, local government emerged as a real pressure point. At issue is the challenge of meeting service delivery expectations of citizens using the strained resources within municipalities. Much as SITA's mandate only provides for compulsory engagement at provincial and national government level, based on SITA's relevance and government needs, we have initiated support to local government.

During the financial year, eleven (11) municipalities were clustered to share resources as part of a pilot project. This exercise yielded fruitful lessons and valuable experience as far as meeting the needs of local government was concerned. One of the lessons is that local government can greatly benefit from SITA's Free and Open Software (FOSS) implementation, since many municipalities have underdeveloped ICT infrastructure and lack the necessary funding for software licences.

Furthermore, exploiting Mobizen technology also represents a potentially valuable intervention in this sphere. M-Government is a functional subset of an all inclusive e-Government, which provides citizens with unique opportunities through freedom of mobile access to services and information, literally from any place at any time, 24 hours of the day. This technology enjoys preference since the majority of South Africans have access to cellphones as opposed to a computer with internet access.

Skills deficiencies within the ICT sector remain an area of concern for SITA. To redress this shortcoming, SITA has established a Skills Academy and repositioned its Youth Internship Programme (YIP) as a Youth Development Programme, thus demonstrating a strategic change in focus. The work towards empowering youth from previously disadvantaged backgrounds and absorbing them into the ICT industry continues through this initiative.

As part of our undertaking to maintain the highest standards of corporate governance, SITA is committed to meeting all the necessary requirements of the Public Finance Management Act (PFMA) and associated regulations to ensure that the organisation retains an unqualified audit from the Auditor-General at the close of this challenging financial year.

Finally, whilst we acknowledge the contributions made by SITA during the year, we are also mindful of government's intimation that SITA needs to improve its performance.

Following the lead given to us by the Honourable Minister Richard Baloyi, the playing field was created for SITA's turnaround strategy to be implemented in the new financial year. This strategy has the potential to change the course, pace and configuration of the organisation to ensure optimal performance by this important institution.

Noting that this was a challenging year for the organisation, on behalf of the Board of Directors of SITA, I would like to express our thanks to the Honourable Minister Baloyi for his visionary leadership, commitment and support provided to the Board. To my fellow Board Members, old and new, I would like to thank you for your commitment and invaluable contributions during the year. In closing, we also wish to acknowledge the efforts of the SITA Executive team, Management and staff in creating a new and improved SITA.

Ms Zodwa Manase
Chairperson of the SITA Board
August 2010

BOARD OF DIRECTORS AS AT 31 MARCH 2010

Ms Z P Manase
(Chairperson / Non-executive)

Ms F C Potgieter-Gqubulé
(Deputy Chairperson / Non-executive)

Ms N Ntsinde
(Appointed: Acting CEO:
01 July 2010)
Appointed to SITA Board:
01 May 2010

Ms S V Bvuma

Ms C B Clark

Mr P R Kgame

Mr C C W Kruger

Mr A M Luthuli

Ms M Makhekhe-Mokhuane

Ms K Mdlulwa

Prof M I Mphahlele

Ms R Sekese

Ms M O Williams

ALTERNATE MEMBERS

Mr W S Mabena

Ms B M Malongete

Ms N M Mhlakaza

Ms T Moloko

Mr D C Niddrie

NAME	POSITION	TERM	QUALIFICATION
Ms Z P Manase	(Chairperson / Non-executive)	7 Aug 2008 – 6 Aug 2011	- BCompt (Hons) - HDip Tax - Chartered Accountant (SA)
Ms F C Potgieter-Gqubulé	(Deputy Chairperson / Non-executive)	17 Mar 2010 – 16 Mar 2013	- MA (Public and Development Management)
Ms N Ntsinde	(Non-executive)	1 May 2010 – 30 Apr 2013	- Certificate in Treasury (Risk Management) BProc - MBA
Ms S V Bvuma	(Non- executive)	17 Mar 2010 – 16 Mar 2013	- Diploma in Project Management - MSc (Clinical Psychology)
Ms C B Clark	(Non-executive)	19 May 2008 – 18 May 2011	- MPhil (Political Management) - Advanced Diploma in Labour Law - MBA
Mr P R Kgame	(Non-executive)	17 Mar 2010 – 16 Mar 2013	- BCom
Mr C C W Kruger	(Non-executive)	1 Sept 2008 – 31 Aug 2011	- BCom (Hons) (Economics)
Mr A M Luthuli	(Non-executive)	19 May 2008 – 18 May 2011	- BSc (Electrical Engineering) - MBA
Ms M Makhekhe-Mokhuane	(Non-executive)	19 May 2008 – 18 May 2011	- Advanced Project Management Certificate - Information Technology Management Certificate - MBA
Ms K Mdlulwa	(Non-executive)	17 Mar 2010 – 16 Mar 2013	- Bluris - LLB
Prof M I Mphahlele	(Non-executive)	17 Mar 2010 – 16 Mar 2013	- SSTC - BSc (Hons) - MSc (Computer Science)
Ms R Sekese	(Non-executive)	15 Oct 2007 – 14 Oct 2010	- Diploma in Advanced Project Management - BSc (Electrical Engineering) - MBA
Ms M O Williams	(Non-executive)	15 Oct 2007 – 30 Sept 2009	- BA (Hons) (African Studies) - MA (Development Studies) - MBA
Mr W S Mabena	(Alternate)	17 Mar 2010 – 16 Mar 2013	- Political Science Diploma: Russia - Management Advanced Programme (MAP) - MBA (in progress)

NAME	POSITION	TERM	QUALIFICATION
Ms B M Malongete	(Alternate)	17 Mar 2010 – 16 Mar 2013	- National Diploma in Food Science - BProc - MSc (Financial Law)
Ms N M Mhlakaza	(Alternate)	17 Mar 2010 – 16 Mar 2013	- National Diploma in HR Management - BTech (HR Management)
Ms T Moloko	(Alternate)	17 Mar 2010 – 16 Mar 2013	- Edward G Mason Programme in Public Administration - MPA
Mr D C Niddrie	(Alternate)	17 Mar 2010 – 16 Mar 2013	- Policy Development and Management Course - BEd (Cum Laude) - Masters in Education (in progress)
COMPANY SECRETARY			
Mr E H Odendaal	(Company Secretary)	1 Feb 2010	- BA - Industrial Relations Development Programme - Full Credit: The Institute for Company Secretary and Administrators' Qualification (ICSA)

During the year under review, the State Information Technology Agency (SITA) celebrated its tenth anniversary, thus reaching an important milestone in its history as an organisation. The centenary presented an opportunity to reflect on the role SITA has played in the information communication technology (ICT) sector and the legacy it intends to leave going forward. The year saw extensive work being done to consolidate the agency's efforts, extend its footprint, set the platform to re-engineer the organisation and create new service offerings to ensure its relevance and support for government in meeting its service delivery objectives.

Upon reflection, it was clear that while much has been accomplished, more needs to be achieved. Going forward, SITA will demonstrate new value within the public sector ICT environment. The organisational experience, expertise, maturity and lessons learnt over the decade will be used to grow SITA and expand its service delivery influence. We are harnessing our institutional energy to meet the strategic objectives set by our shareholder in support of government's national agenda to modernise the public sector and to improve service delivery for all South Africans.

FINANCIAL PERFORMANCE

The economic recession has impacted the organisation's financial viability and sustainability negatively. Management's objectives during the reporting period was to focus on interventions such as increasing revenue streams, leveraging assets, optimising working capital and strengthening the company's cost structure. These measures had to be achieved in an uncertain economic environment with both the public and private sectors cutting expenditure on ICT in response to the global economic recession. For SITA, the financial refrain for the year was to 'do more with less'. Spending was streamlined and an operating expenditure budget cut was implemented to reduce costs.

The recession had a snowballing effect as our clients, including government departments, reduced their ICT spend. To ensure that revenue generation was not negatively affected, management of Service Level Agreements (SLAs) with our clients was important to manage SITA's cash flow and debt collection. It needs to be acknowledged that SITA's continued financial sustainability will be a primary focus in the next financial year.

PROVIDING ICT LEADERSHIP TO MODERNISE GOVERNMENT OPERATIONS

Key programmes that SITA has worked on over the past decade include: the Integrated Financial Management System (IFMS), the Government-wide Enterprise Architecture (GWEA), Telemedicine, the Next Generation Network (NGN), Thusong Service Centres (TSCs), and Learner Tracking, to name but a few. SITA's infrastructure was key to its ability to provide the required support to the Independent Electoral Commission (IEC) during the 2009 national and provincial elections, as well as its involvement in the launch of the first Presidential Hotline. Moreover, SITA also played a leading role with regard to open source, citizen-centred service delivery and cloud computing. Essentially, SITA's successes have been varied, spanning a vast number of public sector initiatives.

Government-Wide Enterprise Architecture

SITA developed the GWEA to close the gaps between the various ICT plans developed by government departments. It sets the minimum standard by which to use an Enterprise Architecture approach (to ensure coherence and standardisation of ICT plans and blueprints across government departments), which is crucial in moving towards a government-wide ICT plan.

The GWEA framework encompasses an Enterprise Architecture development methodology that outlines the defining principles, phases, tasks and activities by which to develop a departmental information and ICT plan. The framework also sets the minimum requirements and format of Enterprise Architecture models, including the baseline and target architectures for the domains of business, data application and technology architectures.

In building on the foundation laid by the GWEA, SITA's Research and Development Unit developed a Proof-of-Concept (POC) on the value of Service Oriented Architecture (SOA). This SOA represents a collection of services which communicate with each other, using either simple data passing or two or more services co-ordinating some activity. Using practical real world examples, the POC illustrates that data and services can be exposed to and utilised by various departments. The objective of this research was to prove that the SOA can produce the required results, provided that appropriate architecture planning is done.

Creating Enabling Platforms

The results of the POC will be used to position SITA as a service intermediary, which represents an all-in-one facility that processes government departments', business and citizens' requests sent via internet, SMS and other means. This service is able to facilitate, aggregate and integrate disparate activities, which an individual would otherwise have to go through in utilising a government service. It also serves as an interactive digital multi-channel for the provision of information and access to government services. The Service Intermediary project should be viewed as a potential model for intermediation, which will add value to departments, citizens and organisations, as well as lower costs, improve delivery capacity and efficiencies.

SITA developed another POC from the applied research on cloud computing by combining a group of services, such as fully automated installation, content management systems, e-Learning systems, operating system platforms and enterprise content management systems, all of which will be provisioned via web interface. This development represented the first stage of cloud demonstration and will be followed by a pilot programme to be conducted in collaboration with SITA Infrastructure Services.

Cloud computing is a new way of providing ICT services via the web interface. The cloud paradigm will change the way in which information is stored and applications are run. Rather than run programmes and data on an individual desktop computer, everything is hosted in the 'cloud', which is a nebulous assemblage of computers and servers accessed via the internet.

Mobility is the Future

SITA has also positioned itself to be a first-tier Wireless Application Service Provider (WASP). This enables the organisation to offer public sector services via a mobile platform or digital wireless technology. As a result, SITA is positively contributing to bridging the digital divide and ensuring widespread access and connectivity.

Following its certification to offer wireless services on behalf of government through its recently implemented WASP offerings, SITA launched the Mobizen. This is a citizen-centric mobile application platform designed to securely interact with government's back-end systems to enable citizens to access information and services from anywhere at anytime. Government departments and state organs offering services to citizens are now able to integrate their systems with Mobizen to ensure that they reach a wider audience of mobile phone users.

SITA has initiated a project to enable collaboration within and between government departments, known as Government-to-Government Collaboration (G2G), through appropriate Web 2.0 technologies. Collaboration applications and the ultimate creation of Government 2.0 are set to improve service delivery to citizens. Enterprise collaboration tools can extend to include citizen-centric collaboration, where government and citizens will be able to connect on key issues, resulting in improved participation and transparency.

The e-Government Centre of Excellence

SITA's vision for e-Government is to ensure that public services are designed from the average citizen's point of view, and to improve accessibility and convenience in line with the national e-Government Policy and Strategic Framework. To ensure that the targets for the growing urgency in e-Government services are met, SITA established an e-Government Centre of Excellence (e-CoE).

The role of the e-CoE is to provide strategic direction and co-ordination of e-Government programmes within SITA and to provide support to government departments. As a knowledge hub of the highest standards, the e-CoE provides a forum for various stakeholders to share, learn and collaborate across disciplines and institutions on e-Government projects.

During the 2009/10 financial year, a number of e-Government strategies were formulated to facilitate the design and deployment of citizen-centric mobile applications and e-Government solutions to securely interact with various government back-end systems that offer public sector services.

The Network Operating Centre

SITA's implementation of the Next Generation Network (NGN) holds several advantages, including improved response times and a higher quality network. It has enabled SITA to deliver customer services more promptly, whilst the ability to plan capacity and profile network traffic has ensured a more efficient allocation of bandwidth by SITA. More importantly, the NGN has also translated into lower operational and equipment costs.

A new key function was the full implementation of the Network Operating Centre (NOC), which operates on a 24/7 basis. The NOC pro-actively monitors wide area network (WAN) services to guard against the infiltration of malicious data and to manage any incidents, thus enabling improved service delivery. The NOC also incorporates a Network Security Operations Centre, a central hub from where SITA administrators can supervise, monitor and maintain the NGN. SITA's multifaceted reach is evident across government service delivery areas, public sector departments and operational systems.

ENHANCING GOVERNMENT SERVICE DELIVERY INITIATIVES

The Presidential Hotline

Following the IEC award of a three-year contract to SITA to provide call centre services to cover the 2009 national and provincial elections and the 2011 municipal elections, SITA was also requested to work with the Office of the Presidency to set up the national Presidential Hotline on behalf of the Honourable President of South Africa, Mr Jacob Zuma.

In monitoring and evaluating the work done at the centre, the President and a Parliamentary Chief Whip Forum assessed its operations at different stages of implementation. Both visits elicited positive sentiment and a recommendation that the service be extended to more citizens. Following the implementation of these national solutions by SITA, the process going forward is to maximise the value of these solutions to government by integrating national and provincial services.

Department of Basic Education

During the 2009/10 financial year, SITA also supported the Department of Basic Education during a difficult period when examination papers were leaked in Mpumalanga. SITA printed new question papers on very short notice and printed the results literally hours before they were due. The printing team was also on call for the duration of the writing, marking and processing of the Grade 12 examinations.

In collaboration with the Department of Education, SITA has continued the Learners Unit Record Information Tracking System (LURITS) to track the performance of learners throughout their school career. The system is able to solve the problem of duplicate learners in the system, track learners' movement across schools, as well as identify those who drop out of school. This national tracking system has been designed to meet the needs of schools with different levels of ICT capability and caters for scenarios with paper-based school record-keeping systems, computerised school administration packages, and for those with no internet connectivity.

The Department of Defence

The Department of Defence (DoD) is one of SITA's biggest clients. During the year under review, SITA played a critical role in meeting the ICT requirements of the South African Air Force. SITA also engaged with Swedish aircraft manufacturer SAAB to design and develop the interface of the on-board systems of new military aircraft, including the Mission Support System and the Maintenance Ground Support System. The advantages of the interface are that it reduces the maintenance turnaround time of the aircraft and prevents user input errors from occurring when vast amounts of data are updated in the Operational Support Information System (OSIS) database.

South African Police Service

The SAPS e-Docket solution electronically captures and stores SAPS case investigation dockets. This solution is an innovative IT solution to a long-standing problem of case dockets going missing, because of theft or corruption. Dockets are crucial to have justice served, as missing case dockets delay adjudication or in some instances result in the total withdrawal of cases.

Using the e-Docket system, a docket is scanned and electronically stored in a central repository where it can be retrieved if the need arises. To date, 366,724 docket covers and 1,186,300 documents, which include statements, affidavits and reports have been stored using this e-Docket solution. The solution has been implemented in over 210 police stations and priority stations are being targeted for further implementation.

e-Learning

In support of improved learning and development, the SITA technology laboratory utilised research on existing Learning Management Systems (LMS) to develop a new LMS. The latter can be integrated into a blended e-Learning system, which can be used by all government departments. A POC was carried out, and the two e-Learning platforms were installed in the host environment. Following PALAMA's interest in the e-Learning platforms, SITA's Research and Development Unit installed a pilot system to run PALAMA courses from their premises.

Integrated Financial Management System (IFMS)

The IFMS project is a multi-stakeholder programme involving National Treasury, the DPSA and SITA, to consolidate and renew government's back-office applications. The Asset Register Release 1.1 by National Treasury, which forms part of the broader Supply Chain Management module of IFMS, was launched during the financial year. This included the following key functionalities of the Asset Register:

- Asset Administration:
  - Asset Register including Unique Asset Number;
  - Asset Category, Supplier Part Reference;
  - Ownership;and
  - Physical Asset Movement.
- Financial Asset Register:
  - Financial Asset Number;
  - Acquisition Information;
  - Capitalisation;
  - Depreciation; and
  - Deactivation.
- Asset Condition Assessment:
  - Assessment Scheduling;
  - Assessment Feedback and Valuation;
  - Asset Operations and Maintenance Expense Capturing; and
- Management Disposal Sheet

The scope of the project covers Financial Management, Human Resources Management, Supply Chain Management, Asset Management and Business Intelligence across both national and provincial departments. It constitutes the largest integrated business solution undertaking in the country and SITA acts as a primary systems integrator for IFMS. This includes the responsibility of managing contracting and running the transversal systems.

PROCUREMENT SERVICES

SITA commenced with the overhaul of its procurement function to strengthen its efficiency and governance, as it moves to a model of supply chain management. The overhaul of its procurement processes entails migration from a paper-based system to a fully automated procurement environment.

SITA has started with a process of engagement with Small, Medium and Micro Enterprises (SMMEs) to understand their capabilities nationally and in the regions, as well as identifying barriers and constraints that prevent broader SMME participation in government IT business. This will culminate in a SITA Procurement Plan aimed at better supporting these enterprises.

SITA AT A GLANCE

Whilst the 2009/10 financial year marked the organisation's 10th year of service delivery support through ICTs to public sector institutions, it also ushered in a new era for the organisation. The year was characterised by an acute awareness of expenditure patterns within the context of ongoing global economic constraints; hence the operational mantra to 'do more with less'.

While SITA stepped up its pace to modernise the face of the South African public service and to register progress in strategic projects, internally, efforts to re-engineer and consolidate the internal control/administration systems also became a priority. SITA has upgraded its Oracle ERP system to improve its operational efficiency and to integrate its business systems and processes to enhance the quality of reporting, monitoring and control within the organisation. Further embedding of the system and training of users will continue to ensure full utilisation, whilst SITA will continue to address the system challenges.

The periodic assessments/audits conducted by SABS on SITA processes yielded positive results. No significant gaps were identified, indicating that the organisation, which is an ISO 9001:2008 certified institution, is maturing and has managed its operations in accordance with standard operating procedures.

Committed to a performance-based ethic, SITA strengthened the alignment of its corporate objectives with divisional, departmental and individual goals to ensure greater performance and synergy across all units and departments.

Given the diverse and dynamic technology environment that SITA operates in, we used the Service Portfolio Definition (SPD) project to produce a service catalogue that describes the organisation's range of offerings in greater depth. SITA's capability to deliver on these offerings is being assessed in relation to its operating and business models.

During the year, the organisation endorsed the SITA Environmental Management Policy/Pledge as part of its commitment to reduce its impact on the environment. To this end, environmental management initiatives were introduced to ensure that SITA's carbon footprint is minimised. The organisation intensified its recycling efforts, especially with regard to e-waste, and our technologies are under review for environmental friendliness and efficiency.

CORPORATE SOCIAL RESPONSIBILITY

SITA's Corporate Social Responsibility (CSR) Strategy focuses on empowering people with knowledge through ICTs, thereby contributing towards bridging the digital divide in South Africa. SITA is also committed to sustainable development whilst respecting creation, nature, people and the environment.

During the year under review, SITA donated infrastructure which included computers, projectors, cabling, servers and routers to six secondary schools in KwaZulu-Natal, Midlands area and Mpophomeni. SchoolNet SA was appointed as the ICT integrator to ensure that all teachers and students are trained in the use of ICT, for the optimal integration of ICT into teaching and learning. 100 teachers and 60 learners were trained. SITA also launched an ICT laboratory at the Nolitha Special School in the Eastern Cape.

Through the IKUSASA LAMI Job Shadowing Initiative, SITA hosted Grade 11 and 12 learners to introduce them to ICT and its role in public sector development. This platform for learners, to gain better knowledge of ICT, was created in partnership with the Gauteng Department of Education (GDE). The GDE identified top performing rural and township schools to participate in this initiative.

For the Mandela Day programme, in which the individual ability to make a difference is recognised, SITA spent time at the Pretoria-based Father Simagaliso Orphanage and also distributed blankets, jerseys and baby products. To honour Women's Day, SITA volunteers interacted with the elderly, and provided food and gift packs to approximately 70 senior citizens at the Holy Cross Old Age Home. Given the impact of HIV/AIDS, a company-wide campaign to work with AIDS orphanages to support children infected and affected by HIV/AIDS was initiated. Going forward, a comprehensive SITA CSR Strategy will be developed to smartly use ICTs as a vehicle that will support disadvantaged communities.

CONCLUSION

It has not been an easy year for SITA, but its role as the ICT agency for government is undisputed. As government confronts service delivery challenges, SITA is determined to be at its side to facilitate and implement innovative solutions to ensure government modernisation and effective and efficient service delivery.

In meeting government's objectives and our vision, we thank the Minister of Public Service and Administration, Mr Richard Baloyi, for his guidance and ongoing support. We thank the SITA Chairperson of the Board, Ms Z P Manase and the SITA Board, whose oversight role ensured that we remain on course in terms of our strategic direction and our mission to improve governance.

And finally, I thank all SITAzens for their contribution to the organisation achieving its goals in support of government and its national developmental agenda.

Ms Nontobeko Ntsinde
Acting Chief Executive Officer
August 2010

EXECUTIVE COMMITTEE FOR THE YEAR ENDED 31 MARCH 2010


Mr E Khan
(CEO Team)


Ms R E Magoma-Nthite
(CEO Team)


Mr M M Mtimunye
(CEO Team)


Mr A R Alli


Mr L M A Pama


Mr A Pretorius


Mr B E Ramfolo

NAME	POSITION	TERM	QUALIFICATION
Ms R E Magoma-Nthite	Chief Shared Services Acting Chief Executive Officer	1 Jan 2008 1 Oct 2009 – 30 Jun 2010	- Diploma in Educational Technology (Mechanical Engineering) - MA (Education Technology) - PhD (in progress)
Mr E Khan	Chief Information Officer	1 Jan 2008	- BCom (Informatics) - MCP - Unisa programme in Electronic Commerce
Mr M M Mtimunye	Chief Strategic Services Acting Chief Executive Officer	1 Nov 2007 22 May 2009 – 30 Sept 2009	- PG Dip Project Management - MCom Project Management (Cum Laude) - MBA
Mr L M A Pama	Acting Chief Business Operations	1 Sept 2009	- Customer Relationship Management Programme (Gordon Institute of Business Science) - World Class Services Programme (Gordon Institute of Business Science) - BSc (Hons) (Applied Economics)
Ms F A Pienaar	Chief Business Operations Acting Chief Executive Officer	1 Jan 2008 1 Aug 2008 – 21 May 2009 Resigned: 31 Aug 2009	- BA (Hons) (Human Resources) - BSc - HED
Mr A P Pedlar	Chief Regulatory Affairs and Procurement	1 Nov 2007 Contract expired: 31 Oct 2009	- Diploma in Law & Tax - BA (Hons) - BSc
Mr A Pretorius	Acting Chief Financial Officer	1 Jan 2008	- Member of the Institute of Directors - LLB (in progress) Chartered Accountant (SA)
Mr B E Ramfolo	Acting Chief Regulatory Affairs and Procurement	1 Oct 2009	- BSc (Industrial Engineering) - MSc (Industrial Engineering) - MBA

Human Capital Management (HCM) is widely recognised as a key driver for a successful organisation. HCM's function is to ensure that the company attracts the most suitably skilled candidates and, where required, develops, enhances and retains the existing skills base.

The economic recession experienced during the 2009/10 financial year posed a number of challenges. For instance, there was a marked increase in the number of employees who required financial assistance to deal with the economic downturn. Of particular significance in dealing with these challenges was the organisation's stance to 'do more with less'.

TALENT MANAGEMENT

During the 2009/10 financial year, Talent Management focused much of its effort on skills development. 36% of SITA's training budget was dedicated to the enhancement of core skills required to meet the company's objectives. The skills development drive was not only inwardly focused, but also included the development of skills among the youth, who comprise the largest contingent of unemployed persons in the country and are potential future employees.

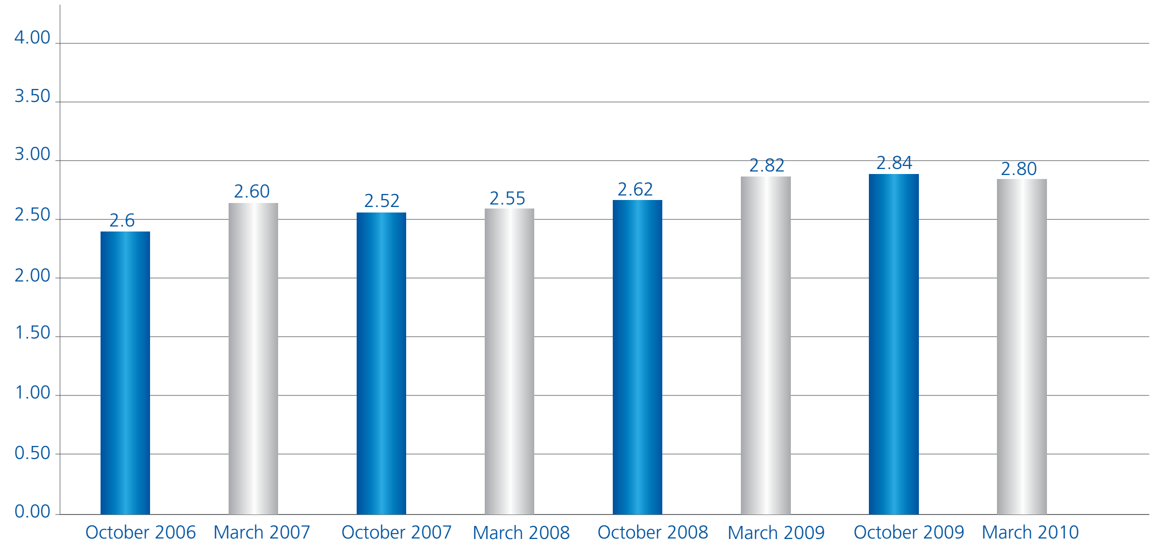
To improve SITA's leadership capabilities, 22% of the training budget was spent on leadership development. This included a Leadership Development Programme, a New Managers Programme and other relevant short courses to equip employees with management skills.

The 2009/10 financial year also saw the implementation of version 12 of the Oracle Enterprise Resource Planning System (ERP). This necessitated the training of all employees on the new system. General functions such as performance management and I-expenses were migrated.

ORGANISATIONAL DEVELOPMENT

As the custodian of the SITA culture, Organisational Development continues to implement programmes to improve SITA's image and to become one of the best companies to work for. SITA continuously pursues the adoption of internationally accepted best practices, as well as the creation of a conducive working environment by promoting values which reinforce SITA's commitment to a high-performance culture. To measure SITA's achievements in this regard, bi-annual culture and internal customer surveys are conducted. The culture results for the 2009/10 financial year are reflected on page 33.

CULTURE SURVEY



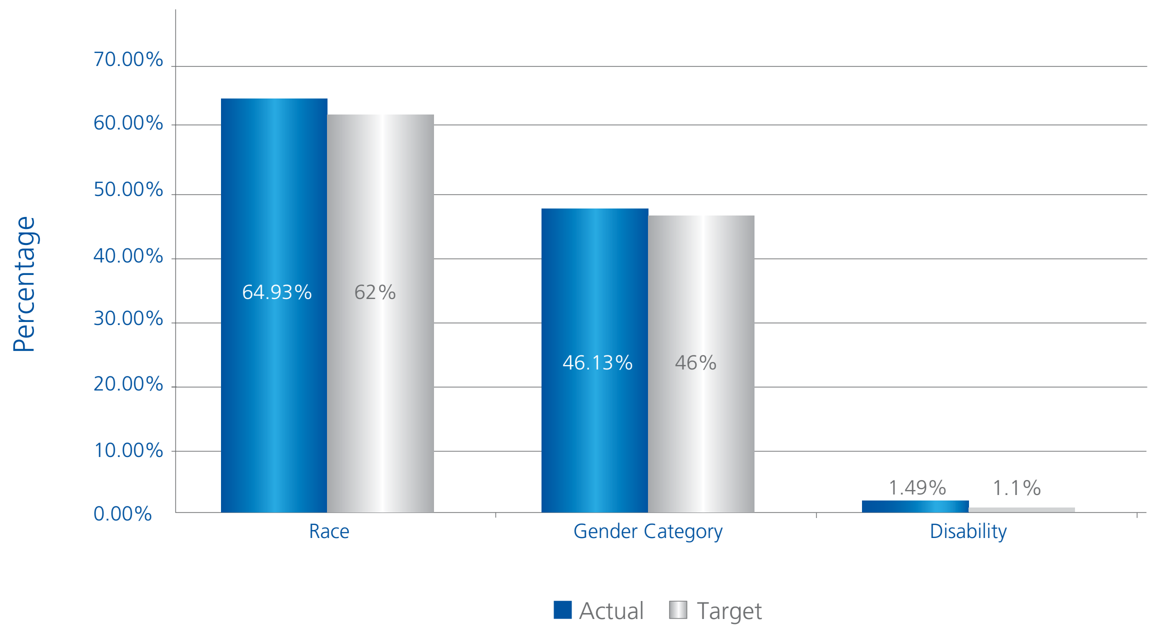
Over and above the transformational change initiative, SITA has implemented the Organisational Design which includes maintenance of structures, job profiling, job evaluation and work/study management. Much effort has gone into the mapping of business processes, which forms an integral part of the ERP implementation.

HR SERVICES

Employment Equity Status

SITA has performed well in this area of transformation by meeting its Employment Equity (EE) targets over the past few years. Although all targets have been achieved, the female target remains a difficult one. The challenge resides in the more senior positions, from Patterson level C3–D4 (representing specialists, middle management, etc). This has been exacerbated by the limited number of highly skilled female candidates available in the ICT sector, which makes them highly sought after. These candidates are generally more mobile and command higher salaries, making them more difficult to attract and retain. The table on pages 34 to 35 indicates SITA's EE status as at the end of the financial year. The total number of permanent employees was two thousand six hundred and twenty-three (2 623).

EE TARGET PERFORMANCE



Employee Wellbeing

SITA's HIV/AIDS Strategy is aligned to the HIV National Strategic Plan (2007 – 2011). During the reporting period, SITA focused on running voluntary confidential counselling and testing sessions and tuberculosis (TB) management initiatives to strengthen SITA's corporate health profile. In addition, a series of managerial and HIV/STI sessions were conducted in all SITA provincial offices. Initially, 40 peer educators were trained by the John Hopkins University of Maryland. They in turn trained other staff, bringing the total number of peer educators to 130. All SITA employees and their dependants have access to a 24-hour a day counselling and psychological support service, provided in association with the ICAS Institution of Southern Africa.

In terms of the Disability Management Programme, "A Day in the Life of a Disabled Person" campaign was conducted. This included a programme in which employees acted out different disabilities to experience the challenges these individuals face on a daily basis. Benchmarking was also done in collaboration with three different private sector institutions, with the view to apply best practice and improve the corporate lives of employees with disabilities.

EMPLOYMENT EQUITY STATUS

JOB LEVEL	AFRICAN			COLOURED			INDIAN			WHITE			TOTAL EMPLOYEES		
	F	M	T	F	M	T	F	M	T	F	M	T	F	M	T
A1A3	26	33	59	0	0	0	0	0	0	0	0	0	26	33	59
B1B2	34	22	56	2	0	2	0	0	0	1	0	1	37	22	59
B3B5	184	143	327	33	17	50	8	9	17	59	20	79	284	189	473
C1C2	159	173	332	13	26	39	5	11	16	58	51	109	235	261	496
C3C5	153	185	338	22	28	50	11	42	53	150	191	341	336	446	782
D1D3	85	108	193	6	23	29	13	19	32	137	185	322	241	335	576
D4D5	22	35	57	2	5	7	3	14	17	15	43	58	42	97	139
E1E3	6	13	19	1	1	2	0	5	5	1	9	10	8	28	36
F1F2	1	1	2	0	0	0	0	1	1	0	0	0	1	2	3
F3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**670**	**713**	**1383**	**79**	**100**	**179**	**40**	**101**	**141**	**421**	**499**	**920**	**1210**	**1413**	**2623**

JOB LEVEL	TOTAL EE			EE %		GENDER %		DISABLED		
	F	M	T	TOTAL	TARGET	FEMALE	TARGET	NO	%	TARGET %
A1A3	26	33	59	100.00%	62.00%	44.07%	46.00%	0	0.00%	1.10%
B1B2	36	22	58	98.31%	62.00%	62.71%	46.00%	0	0.00%	1.10%
B3B5	225	169	394	83.30%	62.00%	60.04%	46.00%	18	3.81%	1.10%
C1C2	177	210	387	78.02%	62.00%	47.38%	46.00%	8	1.61%	1.10%
C3C5	186	255	441	56.39%	62.00%	42.97%	46.00%	12	1.53%	1.10%
D1D3	104	150	254	44.10%	62.00%	41.84%	46.00%	1	0.17%	1.10%
D4D5	27	54	81	58.27%	62.00%	30.22%	46.00%	0	0.00%	1.10%
E1E3	7	19	26	72.22%	62.00%	22.22%	46.00%	0	0.00%	1.10%
F1F2	1	2	3	100.00%	62.00%	33.33%	46.00%	0	0.00%	1.10%
F3	0	0	0	0.00%	62.00%	0.00%	46.00%	0	0.00%	1.10%
Total	**789**	**914**	**1703**	**64.93%**	**62.00%**	**46.13%**	**46.00%**	**39**	**1.49%**	**1.10%**

Personnel Security Vetting

Personnel security is crucial to SITA's line of business. In order to ensure that the classified information of our company and our client base is not compromised, all employees are required to undergo a security clearance process underwritten by the national intelligence agencies.

The company has strengthened its strategic partnerships with the intelligence agencies to ensure compliance with the vetting legislative framework, as well as to attract and retain employees who meet all security requirements.

Over 44% of all employees and contractors are currently in possession of a valid security clearance. A further 41% of clearances have been finalised and are currently with the agencies for evaluation. 85% of all employees and contractors have therefore been vetted. The remaining 15% are new employees, new contractors and expired clearances. From a vetting perspective, this is the best position that the company has found itself in.

INTRODUCTION

The Board of Directors of SITA regards corporate governance as fundamental to the success of the business and the Board is fully committed to ensuring that good governance is practised in order for the company to remain a viable and sustainable business. This commitment is embraced at all levels of the company.

SITA ensures that its processes and practices are reviewed on an ongoing basis to guarantee compliance with applicable legislation, the use of funds in an economic, efficient and effective manner, and adherence to good corporate governance practices. Processes and practices are underpinned by the principles of transparency, integrity and accountability, as well as an inclusive approach that recognises the importance of all stakeholders in ensuring the viability and sustainability of the company, whilst meeting its strategic objectives.

Compliance, not only with the letter, but also the spirit of relevant governance codes remains a priority for the organisation. As a state–owned enterprise, SITA is guided by the Principles of the Code of Corporate Practices and Conduct contained in the "King II Report on Corporate Governance", as well as the 'Protocol on Corporate Governance in the Public Sector 2002'. The statutory duties, responsibilities and provisions imposed on the Directors of SITA by the Companies Act No. 61 of 1973, as amended, are augmented by those contained in the Public Finance Management Act No. 1 of 1999, as amended.

SHAREHOLDING

The South African government, as represented by the Minister for Public Service and Administration, is the sole shareholder of SITA.

SHAREHOLDER COMPACT

In terms of the Treasury Regulations issued in accordance with the PFMA, SITA must, in consultation with its Executive Authority (the Minister for Public Service and Administration) annually conclude a Shareholder Compact which documents the mandated key performance measures and indicators to be attained by SITA, as agreed between the Board of Directors and the Executive Authority.

In terms of the compact, the relationship between the Shareholder and the Board is preserved, as the Board is responsible for ensuring that proper internal controls are in place and that SITA is effectively managed.

GOVERNING BODIES

Board of Directors

Composition of the Board

Details of the Directors appear on pages 18 to 19.

The SITA Act No. 88 of 1998, as amended, provides that SITA will be governed and controlled by a Board of Directors appointed by the Minister after consultation with Cabinet.

SITA has a unitary Board structure currently comprising of eleven (11) Non–Executive Directors and five (5) Alternate Non–Executive Members appointed by the Minister of Public Service and Administration. Non–Executive Directors are appointed for a period of three years, and retire by rotation, but are eligible for reappointment.

Board meetings are scheduled annually in advance, and additional meetings are convened as and when material issues arise which require decisions by the Board.

The Board has the following Sub-Committees:

- Audit and Risk Committee
- Finance and Capex Committee
- Human Resource and Remuneration Committee
- Strategic Committee
- Executive Management Committee (EXCO)

ATTENDANCE AT MEETINGS DURING THE PERIOD UNDER REVIEW

NAME	BOARD MEETINGS	AUDIT & RISK COMMITTEE	FINANCE & CAPEX COMMITTEE	HUMAN RESOURCE & REMUNERATION COMMITTEE	STRATEGIC COMMITTEE
NUMBER OF MEETINGS HELD	14	6	3	1	4
Ms Z P Manase (Chairperson)	14	5	3	–	3
Ms F C Potgieter–Gqubulé[1] (Deputy Chairperson)	–	–	–	–	–
Ms S V Bvuma[1]	–	–	–	–	–
Ms C B Clark	9	3	1	1	2
Mr P R Kgame[1]	–	–	–	–	–
Mr C C W Kruger	13	6	3	–	3
Mr A M Luthuli	6	2	2	–	2
Ms M Makhekhe-Mokhuane	12	5	3	–	4
Ms K Mdlulwa[1]	–	–	–	–	–
Prof M I Mphahlele[1]	–	–	–	–	–
Ms R Sekese	7	3	–	–	2
Ms M O Williams[2]	9	3	2	–	1
Alternates					
Mr W S Mabena[1]	–	–	–	–	–
Ms B M Malongete[1]	–	–	–	–	–
Ms N M Mhlakaza[1]	–	–	–	–	–
Ms T Moloko[1]	–	–	–	–	–
Mr D C Niddrie[1]	–	–	–	–	–

1 Appointed with effect from 17 March 2010.
2 Resigned from the Board on 30 September 2009.

Role and Function of the Board

In terms of the provisions of the PFMA, the SITA Board is the Accounting Authority. The Board Charter defines the roles, duties and responsibilities of the Board, as well as salient corporate governance principles.

The role of the Board entails the following:

- Providing strategic direction and leadership;
- Determining the goals and objectives of the company;
- Approving key policies including investment and risk management;
- Reviewing the company's annual goals and strategies for achieving its objectives;
- Approving and monitoring compliance with corporate plans, financial plans and budgets;
- Reviewing and approving the company's financial objectives, plans and expenditure;
- Considering and approving the annual financial statements and notices to the Shareholder;
- Ensuring good corporate governance and ethics;
- Monitoring and reviewing the company's performance and effectiveness of internal controls;
- Ensuring effective communication with relevant stakeholders;
- Liaising with and reporting to the Shareholder; and
- Approving transactions beyond the authority of Senior Management.

Delegation of Authority

The Board retains full and effective control over the operations of the organisation. This responsibility is facilitated by a well-developed governance structure comprising various Board Committees and a Delegation of Authority Framework. This framework assists in the control of the company decision-making process and does not dilute the duties and responsibilities of the Directors.

Director Induction and Orientation

All new Directors are subjected to an induction programme that is designed to enhance understanding of SITA's legislative framework, its governance processes and the nature and operations of its business. Training is also provided on request to meet the needs of Directors. Directors are also informed of new laws and regulations.

Directors' Remuneration

Independent Non Executive Directors receive fees for their contribution to the Board and the committees on which they serve. The Shareholder determines fees after consultation with National Treasury. Non Executive Directors are also reimbursed for out-of-pocket expenses incurred on the company's behalf.

Further information on Directors' remuneration appears on pages 132 to 137.

Company Secretariat Function

Directors have unrestricted access to the advice and services of the Company Secretary, as well as the Secretariat Department. The Company Secretary, together with other assurance functions, monitors SITA's compliance in terms of the provisions of the PFMA, the Companies Act and other relevant legislation.

Board Sub-Committees

Board Sub-Committees exist to assist the Board in discharging its responsibilities. This assistance is rendered in the form of recommendations and reports submitted to Board meetings whereby transparency and full disclosure of Sub-Committee activities are ensured. Each committee operates within the ambit of its defined terms of reference that set out the composition, role, responsibilities, delegated authority and meeting requirements.

Audit and Risk Committee

The membership of this committee comprises of at least four members, all of whom are Non-Executive Directors. The committee monitors compliance with relevant legislation and ensures that appropriate systems of internal control are maintained to protect SITA's interests and assets. It reviews the activities of the Internal Audit Department and its effectiveness. It is also responsible for the evaluation of the independence, objectivity and effectiveness of the external auditors and the review of accounting and auditing concerns identified by internal and external audits. The committee reviews the accuracy, reliability and credibility of financial reporting, and recommends the Annual Financial Statements and the Annual Report to the Board for approval.

Six committee meetings were held during the financial year. These were attended by the external auditors, internal auditors, the Acting Chief Executive Officer, the Acting Chief Financial Officer and other invited officials. The Chief Audit Executive and the external auditors have unrestricted access to the Chairperson of the Audit and Risk Committee and to the Chairperson of the Board.

Finance and Capex Committee

The membership of this committee comprises of Non-Executive Directors, one of whom is the Chairperson. Members of the SITA Executive Committee attend the meeting by invitation.

The committee reviews the business plans and company budget and monitors compliance thereto. It evaluates and approves business cases for new projects, and monitors and oversees the management of capital expenditure. The committee considers other matters as determined by the Board and reviews costing and pricing models and applicable accounting procedures and systems.

Human Resources and Remuneration Committee

The membership of this committee comprises of at least four Non-Executive Directors, one of whom is the Chairperson.

The committee submits recommendations to the Board on the appointment of Executive and Non-Executive Directors, and is responsible for the oversight and monitoring of Human Capital Management (HCM) strategies and implementation within the company. It also determines, agrees on and develops the company's general policy on Executive and Senior Management remuneration and recommends to the Board specific remuneration packages for Executive Management.

Strategic Committee

The Strategic Committee comprises of at least six Non-Executive Directors and one Executive Director and is chaired by the Chairperson of the Board. All Board Members may attend the meetings by invitation. All Executives and corporate officials attend the meetings by invitation.

The committee is responsible for overseeing the strategic direction of SITA and the implementation thereof. Its role is to define the SITA strategy in line with SITA's mandate, develop and manage the strategy capability requirements, and guide and lead the implementation of that strategy.

Executive Management Committee (EXCO)

EXCO comprises of the Executive Management and is chaired by the Chief Executive Officer. It consists of the Executives of SITA's various departments. Relevant corporate officials also attend by invitation, as determined by the Chief Executive Officer. Details of the EXCO members appear on page 30. The committee assists the Chief Executive in guiding and controlling the overall direction of the business and in exercising executive oversight. It is responsible for ensuring the effective management of the day-to-day operations of the business. Twenty-eight (28) committee meetings were held during the 2009/2010 financial year. The attendance by members of the committee is reflected on page 44.

Executive Committee (EXCO)

MEMBERS	ATTENDANCE
NUMBER OF MEETINGS HELD	28
Ms R E Magoma Nthite[1]	23
Mr E Khan	20
Mr M M Mtimunye[2]	23
Mr L M A Pama[3]	14
Mr A P Pedlar[4]	16
Ms F A Pienaar[5]	7
Mr A Pretorius	24
Mr B E Ramfolo[6]	10

1 Acting Chief Executive Officer from 1 October 2009 and Chairperson of the Executive Committee.
2 Acting Chief Executive Officer from 22 May 2009 to 30 September 2009 and Chairperson of the Executive Committee.
3 Acting Chief Business Operations from 1 July 2009.
4 Contract expired on 31 October 2009.
5 Acting Chief Executive Officer from 1 August 2008 to 21 May 2009 and Chairperson of the Executive Committee. Resigned from SITA on 31 August 2009.
6 Acting Chief Regulatory Affairs and Procurement from 1 October 2009.

Public Finance Management Act (PFMA)

The PFMA regulates financial management inclusive of all revenue, expenditure, assets and liabilities in state-owned entities in order to ensure that they are managed efficiently and effectively and to provide for the responsibilities of persons entrusted with financial management. The PFMA focuses on financial management and related outputs and responsibilities. The Board of Directors, as the Accounting Authority, complies with the fiduciary duties as set out in the PFMA.

In terms of the provisions of the PFMA, the Board has the ultimate responsibility for establishing, implementing and maintaining a framework of internal control. SITA has implemented and maintains an integrated, enterprise-wide risk management process and applies a logical and systematic methodology to identify, analyse, assess, and monitor and mitigate all identified risks. The effectiveness of the internal control process is measured by how well it aligns the key fundamentals of governance, business strategic objectives, code of ethics, standards and policies, strategies and compliance. SITA recognises the varying operational complexities of its activities and integrates all efforts to reduce the incidence of risk exposures in accordance with its approved risk profile.

In terms of the Treasury Regulations (TR 28.3.1), SITA's Accounting Authority must, for the purposes of "material" and "significance", in terms of sections 54 (2) and 55 (2) of the PFMA, develop and agree on a framework or acceptable levels of materiality and significance with the relevant Executive Authority. The Materiality and Significance Framework for the financial year under review, which is determined and reviewed annually by Management and approved by the Board, is as follows:

SECTION	REQUIREMENT	MATERIAL/SIGNIFICANT
Section 50(1)	The accounting authority for a public entity must – (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority.	SITA submits quarterly reports to the executive authority which include all relevant information which may influence the decisions or actions of the executive authority. These reports cover all transactions/ventures not included in the SITA strategic plan and SITA mandate and all other information as requested/required by the Minister.
Section 51(1)(g)	An accounting authority for a public entity must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative.	SITA will inform the National Treasury of individual transactions covered by this section irrespective of the materiality or significance of the transaction. The application will be done simultaneously with the section 54 application to the DPSA.
Section 54(2)	Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction.	1. Quantitative factors 1.1 Sections 54(2)(a)-(e): Any transaction will be regarded as significant if its Rand value exceeds R40 million. This materiality figure is based on a percentage of 1.5% (the recommended range is 1% – 2%) applied to the total assets value of R2.6 billion. The asset value was used since the transactions to which the materiality limit relates are asset based. 1.2 Section 54(2)(f): Any change in interest will be regarded as significant if the Rand value exceeds R25 million. This figure is based on a percentage of 0.7% (the recommended range is 0.5% – 1%) applied to the total revenue of R3.6 billion. Revenue was used as a basis to determine the materiality limit, as it is more appropriate to the nature of transactions than assets.

SECTION	REQUIREMENT	MATERIAL/SIGNIFICANT
	(a) Establishment or participation in the establishment of a company.	2. Qualitative factors: The following qualitative factors will be taken into account when determining the significance of transactions: 2.1 Any transaction of this nature that causes any interest (equity or loans) to be taken by SITA in the company to be established, requires approval from the executive authority irrespective of its materiality or significance. 2.2 Concerning participation in the establishment of a company, where an interest (equity or loans) is to be taken by SITA in the company to be established, any involvement by SITA in the establishment process will necessitate an application for approval, regardless of the degree of involvement by SITA. 2.3 Flowing from 1 and 2 above, where no interest (equity or loans) is to be held by SITA in the company to be established, for instance, where SITA is only facilitating the formation on behalf of or with other parties in pursuance of a social objective, such participation need not necessitate an application for approval. 2.4 The establishment (or participation in the establishment) by SITA of any company that is domiciled outside the Republic of South Africa requires approval from the executive authority irrespective of the materiality or significance of the transaction. 2.5 For purposes of establishment of an entity as envisaged under section 51(1)(g), the above principles will also apply.
	(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.	2.6 Any transaction that entails incorporation under the Companies Act (or similar foreign legislation) should be dealt with under 2.1 to 2.5 above. 2.7 For transactions not entailing incorporation, any transaction will be considered as significant. 2.7.1 If participation is in any partnership, trust, unincorporated joint venture or similar arrangement that is located outside the Republic.
	(c) Acquisition or disposal of a significant asset.	2.8 Transactions are to be regarded as significant where – 2.8.1 Ownership control is affected; or 2.8.1 SITA's right to pass or block a special resolution is affected; or 2.8.1 There is a change in shareholding of at least 20%; or 2.8.1 For an acquisition, any transaction results in a shareholding of at least 20% in a company.

SECTION	REQUIREMENT	MATERIAL/SIGNIFICANT
	(d) Acquisition or disposal of a significant shareholding in a company.	2.9 Although the acquisition or disposal of shares or of an interest in an unincorporated vehicle, as envisaged by sections 54(2)(b), (c) and (f), would also be an acquisition or disposal of an asset, such transactions are more appropriately dealt with under the guidelines for those sections. 2.10 Assets classified as current assets according to GAAP are not regarded as falling under this subsection. 2.11 Regarding the acquisition of assets through a finance.
	(e) Commencement or cessation of a significant business activity.	2.12 A business activity that falls within SITA's core business is not regarded as falling under this subsection.
	(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	2.13 The significance of a change in interest should only be considered if the participation in the partnership, trust, unincorporated joint venture or similar arrangement was originally regarded as significant as per 2.12 above. 2.14 Where the nature changes between any of the vehicles (that is between a partnership, trust, unincorporated joint venture or similar arrangement), this will be regarded as significant. 2.15 Any transaction that results in a cumulative interest of at least 20% in the vehicle (partnership, trust, unincorporated joint venture or similar arrangement) is regarded as significant. 2.16 Any subsequent transaction that results in an increase of the cumulative interest by at least 10% in the vehicle (partnership, trust, unincorporated joint venture or similar arrangement) is regarded as significant.
Section 55(2)	(g) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement. The annual report and financial statements referred to in subsection 55(1)(d) must – (b) include particulars of – (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.	2.17 Losses in excess of R50,000 arising from criminal conduct are considered to be material and will be reported in accordance with the provisions of section 55(2) of the PFMA. 2.18 Any individual transaction arising from irregular expenditure and fruitless and wasteful expenditure will be considered to be material and will be dealt with in accordance with the provisions of section 55(2) of the PFMA irrespective of the Rand amount involved.

INTERNAL AUDIT

The SITA Internal Audit Division was established in terms of section 51(1)(a)(ii) of the PFMA, which requires the Accounting Authority (the Board) to ensure that SITA has and maintains a system of internal audit. The Audit and Risk Committee has the authority to independently determine the scope and extent of work performed by the Internal Audit function. The purpose, authority and responsibility of the Internal Audit function are formally defined in its Charter, which is reviewed on an annual basis and approved by the Audit and Risk Committee and the SITA Board. In accordance with the overriding requirement of independence and objectivity, the Chief Audit Executive reports functionally to the Chairperson of the Audit and Risk Committee and administratively to the Chief Executive Officer.

The scope of Internal Audit in providing assurance services is to evaluate and assist Management in improving the overall effectiveness of risk management, control and governance within SITA, assessing the risks involved and evaluating the adequacy and effectiveness of processes, systems and controls to mitigate the identified and reported risks.

Internal Audit conducts audits in accordance with the standards set by the International Professional Practices Framework (IPPF), as promulgated by the Institute of Internal Auditors (IIA), and the standards set by the Information Systems and Control Association (ISACA). All internal auditors are obliged at all times to apply and uphold the principles of integrity, objectivity, independence, confidentiality and competency under the IIA's formal Code of Ethics.

Internal Audit is committed to developing its operational efficiencies through the ongoing training of its staff, adherence to its Quality Assurance and Improvement Programme, and close monitoring of developments on governance and applicable legislation.

The Audit Plan for the 2009/10 year was based on the key high risks derived from SITA's internal risk management processes that were approved by the Audit and Risk Committee at the beginning of the financial year. The Audit Plan is flexible and responsive to changes in SITA's risk profile and is updated regularly to reflect changes in the risk profile of the business. The Chief Audit Executive attends all Audit and Risk Committee meetings and reports on all material or significant control weaknesses, agreed Management remedial actions to address the reported findings, performance to date against the objectives outlined in the Audit Plan, as well as any other operational activities that may warrant the attention of the Audit and Risk Committee. The quarterly Internal Audit Report assists the Audit and Risk Committee in discharging its responsibilities in terms of the National Treasury Regulations. An independent Quality Review Assessment of the Internal Audit function was conducted in the 2006/07 financial year, and Internal Audit was awarded a 'Generally Conforms' opinion. This confirms that the Internal Audit function's activities are being conducted and performed in compliance with the Internal Audit standards and methodology. In line with these standards and the recommendations of the 'King III Report', Internal Audit will be undergoing its next independent Quality Review Assessment during the 2011/2012 financial year. Internal Audit follows a risk-based audit approach.

FORENSIC INVESTIGATIONS

To support the strategic intent of the organisation, the Internal Audit Department also conducts forensic investigations and responds to Management requests. The implemented integrated Anti-Fraud and Prevention Strategy is reviewed annually to reduce the incidence of risk, irregularities and fraud. Internal Audit also attends to the matters received through an independent Ethics Line. This is a vehicle for the public to report any alleged fraud, corruption, improper conduct and other contraventions of SITA's Code of Ethics.

RESPONSIBILITY FOR REPORTING

In order to present a balanced and understandable assessment of its position, SITA continuously strives to ensure that reporting and disclosure to stakeholders are comprehensive, relevant, transparent, clear and effective. It places great emphasis on addressing both positive and negative aspects in order to demonstrate the long-term viability and sustainability of the organisation.

RISK MANAGEMENT

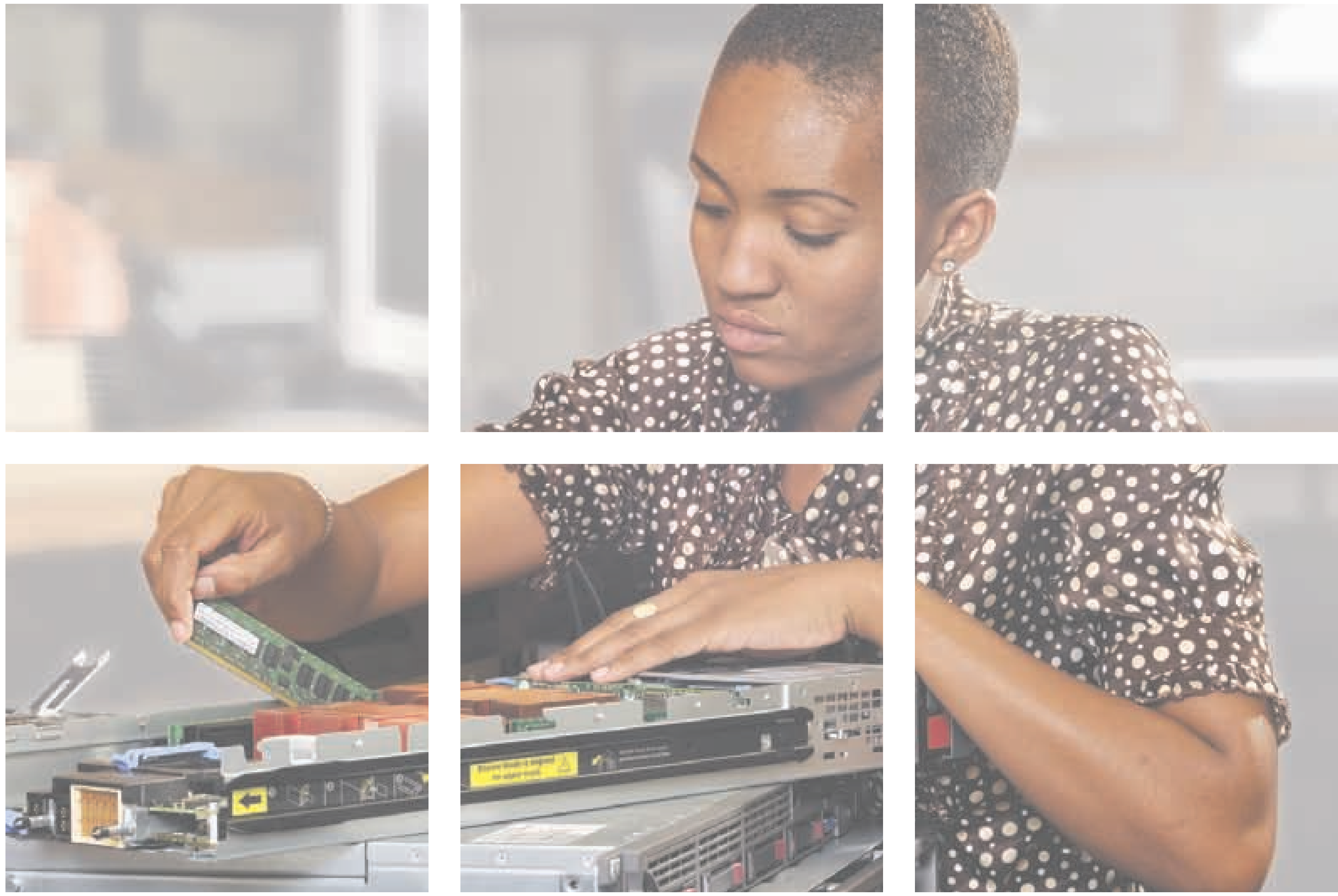
In terms of section 51(1) of the PFMA, the Board must maintain an effective, efficient and transparent system of, among other, risk management. Furthermore, King III states that risk management should be practised throughout the organisation by all staff in their day-to-day activities. SITA has implemented a risk management methodology that is based on best business practice, and in line with the Risk Management Framework issued by National Treasury.

Risk Management identifies and assesses key risks, designs, implements and continually reviews strategies and processes by which those risks can be managed and mitigated to a level acceptable to the relevant stakeholders.

The strategic risk profile, which comprises all risks that could have an impact on the achievement of SITA's strategic objectives, has been compiled and the risk mitigation strategies were evaluated and monitored at both Board and Executive level. Where applicable, strategic risks are cascaded to an operational level for business units to manage and mitigate identified risks.

COMMUNICATION WITH STAKEHOLDERS

SITA recognises the rightful interest of stakeholders in its affairs, including government as shareholder, government departments, employees, consumers, suppliers, the media, policy and regulatory bodies. Communication and interactive initiatives with stakeholders are ongoing and are addressed through appropriate channels, depending on the needs of the various stakeholders. Risk Management identifies and assesses key risks, designs, implements and continually reviews strategies and processes by which those risks can be managed and mitigated to a level acceptable to the relevant stakeholders.



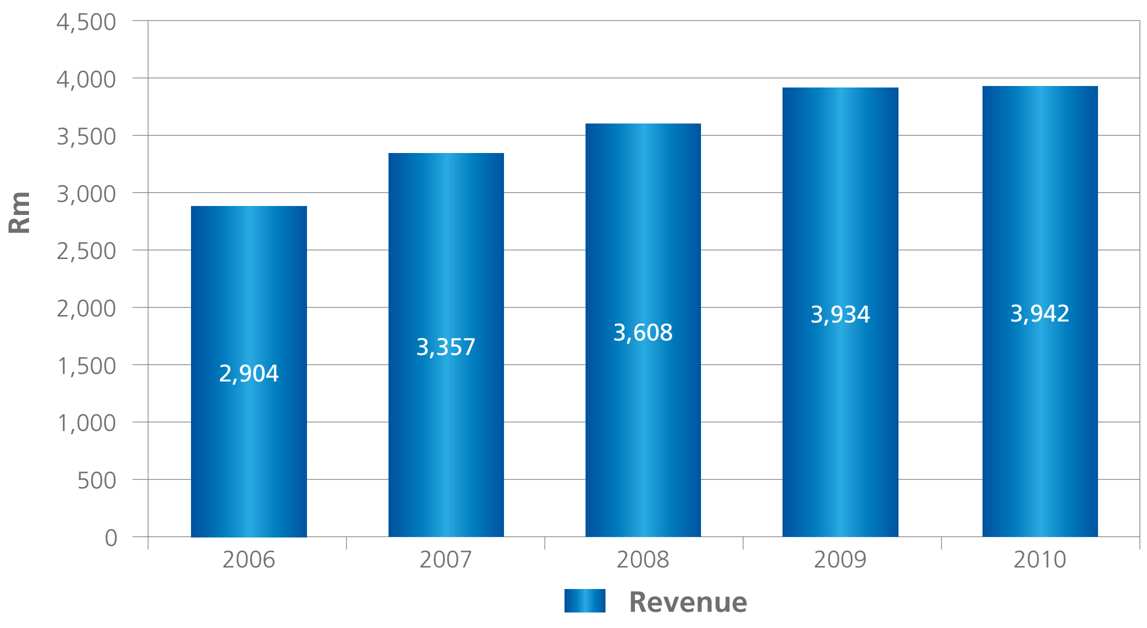
OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	PERFORMANCE RESULT	VARIANCE EXPLAINED
FINANCIAL				
Improve Long-Term Financial Sustainability	Solvency ratio	2:1	Achieved: Solvency ratio was 2.3:1	No variance
Optimise Revenue Streams	% revenue growth	11% growth in quality revenue	Not achieved: Revenue growth was 0.2%	Decrease in spending by the customers and SITA tariffs were not increased
	% variation to gross margin	Less than 4% variation from the budgeted gross surplus margin	Achieved: The variation from the budgeted gross surplus margin was 2.2%	No variance
Leverage Assets Optimally	Calculate the return investment of the following assets (ratio): - Hosting services → 0.5% - Network services → 0.5% - Consultants with consultancy services → 0.5% - Major capital projects → 0.5%	Develop mechanism to report on the ROI of specified revenue generated fixed assets with a view of establishing a baseline	Not achieved: A reporting mechanism was not developed	The mechanism to report on ROI could not be developed due to challenges with the system
Optimise Working Capital	Debtor days	Q2: 90 days (2%) Q3: 85 days (2%) Q4: 65 days (2%)	Not achieved: Debtors days were 68.02	SITA challenged with regard to debt collection from clients
Improve Cost Structure	Opex ratio	17% of actual revenue	Not achieved: The Opex ratio was 18.57% of revenue	Revenue gerenated was less than budgeted for and costs increased as a result of inflation, coupled with increased labour costs
CUSTOMER				
Modernise Public Service Operations	Progress against initiatives	80% completion against contracted deliverables	Achieved: 80% completion against the contracted deliverables	No variance
Reduce Government Cost of Doing Business	% improvement per unit price: - Infrastructure services - Outsourcing services - Transversal contract pricing excluding the IT consulting services	5% improvement on benchmarked price	Achieved: Average price improvement is >10% on benchmarked price	No variance
Optimise ICT Infrastructure & Services	SITA optimisation matrix: - Quality of service - Disaster recovery - Connectivity - Security - Unified communications	Convert 10% of our existing NGN customers to an end-to-end managed service infrastructure offering	Not achieved: Less than 10% of our existing NGN customers were converted to an end-to-end managed service infrastructure offering	The work was performed, but the related proposal was only signed in the new financial year, and therefore these sites were not considered in the evaluation
Improve Responsiveness	Response times in days: - Procurement - Proposal Development - Service Management Centre (SMC)	10% improvement to baseline on identified services	Achieved: Average improvement of 12.19% on baseline for identified services	No variance

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	PERFORMANCE RESULT	VARIANCE EXPLAINED
Consistently Meet Service Levels	% of Service Level Agreement (SLA) metrics achieved: - Procurement - Projects - Data centres - Networks	95% SLA metrics achieved	Not achieved: Average of 71.75% of SLA metrics achieved	Required % not achieved as procurement was included in the definition, and had no signed SLAs to be rated on
INTERNAL PROCESSES				
Extend Service Footprint	Increase in number of customers	2% growth in number of customers	Achieved: Growth in number of customers: 15.8%	No variance
	Opportunity realisation ratio	Deliver 30% to 40% of contracted work in the same financial year	Achieved: 81.9% of contracted work delivered in the same financial year	No variance
Encourage Innovation Culture	Number of innovation awards awarded	Innovation award awarded to one employee / team	Not achieved: No innovation awards were awarded in the financial year	No substantial innovation recorded
Maximise Efficiency of Processes	SITA quality systems compliance index: - ISO9001 compliance - ITIL compliance - COBIT - Efficiency ratios	Define quality compliance index	Achieved: An efficiency improvement initiative strategy has been implemented	No variance
	Unqualified audit report with no 'emphasis of matter'	Unqualified audit opinion with no 'emphasis of matter'	Not achieved: An unqualified audit opinion was obtained and included an emphasis of matter	The Auditor's Report included an emphasis of matters referring to irregular expenditure and prior year adjustments
Standardise & Automate Process Standardisation of Processes	% processes automated	80% of identified processes have been automated	Not achieved: An average of 43.5% processes has been automated	Resources were focused on the implementation of Project Vuselela, but should have included FOSS and ECM in the processes automated as a whole
	Number of processes standardised	80% of processes standardised	Achieved: 100% ERP processes has been standardised based on Oracle available processes as the baseline	No variance
Improve Service Level Management	% of BA/SLAs signed	80% SLAs signed	Achieved: >80% SLAs signed	No variance
	Compliance to ITIL SLM process	80% compliance	Achieved: The SLM process was 100% implemented based on agreed deliverables	No variance
Improve the Management of Service Portfolio	Completeness of Service Portfolio Management (SPM)	Define SPM framework	Achieved: The SPM was established during the year under review	No variance

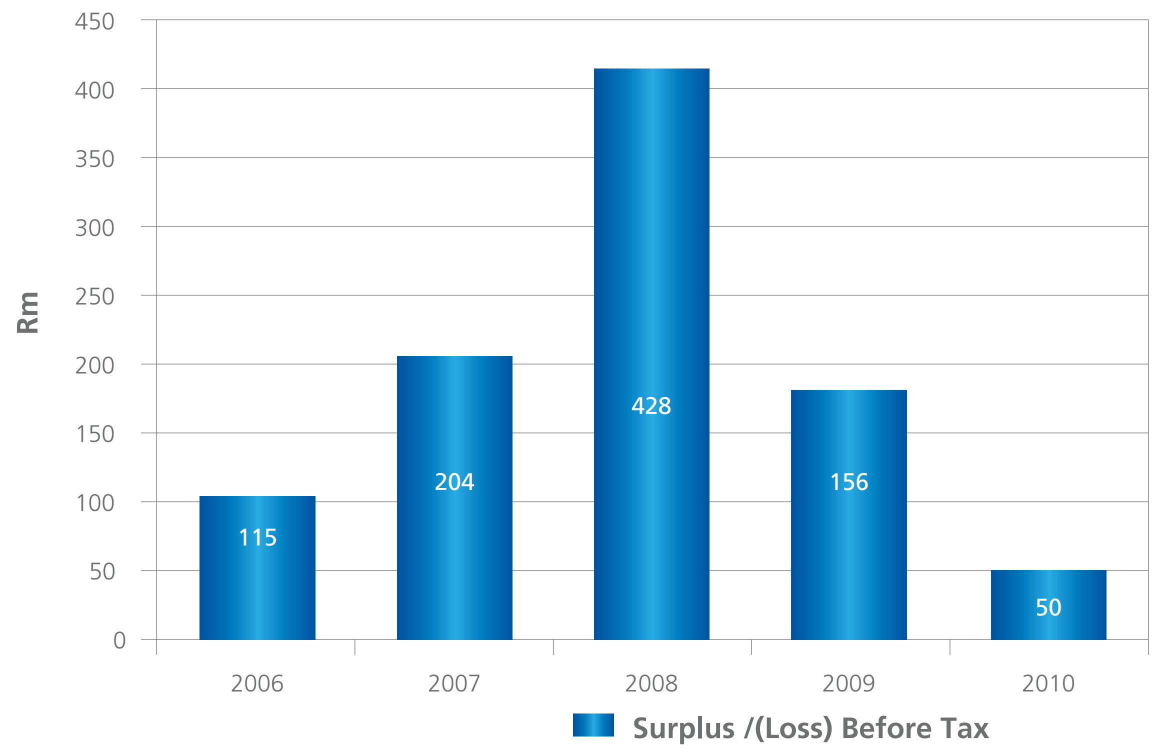
OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	PERFORMANCE RESULT	VARIANCE EXPLAINED
Understand Customers' Business & Needs	Completeness of CRM implementation	80% of customer business information is updated	Achieved: 100% customer business information updated	No variance
	% of assessment of a capability maturity model of government department IT completed	At least 6 departments	Achieved: 13 departments were assessed	No variance
LEARNING & GROWTH				
Embed SITA Culture & Values	Culture and value survey results	5% improvement on 2008 culture survey results	Not achieved: Negative growth of 0.07% attained	Key reasons include high leadership turnover and the impact thereof on staff morale
Develop Skills	% actual training vs. Planned training	90% Business interventions implemented as per gaps identified	Achieved: 98% of business interventions were completed as per gaps identified	No variance
Improve Accountability	Number of employees trained on corporate policies	Awareness sessions conducted on 5 corporate policies reaching 500 employees and managers	Achieved: Awareness sessions were conducted on 7 corporate policies reaching more than 500 employees and managers each	No variance
Attract & Retain Talent	Turnover rate of critical skills and best performers	7% turnover of critical skills and best performers	Achieved: 1.78% turnover of critical skills and best performers	No variance
	BEE targets per salary band	61% to 62% → Race 46% to 47% → Gender 1.2% to 1.3% → Disability	Achieved: Race = 64.93% Gender = 46.13% Disability = 1.49%	No variance
Build Leadership & Management Competencies	% actual leadership & management training vs. planned	90% business interventions implemented as per gaps identified	Achieved: 90% business interventions implemented as per gaps identified	No variance

	31 MARCH		
(In Rand million)	2010	2009	% CHANGE
Revenue	3,942	3,934	0.20%
Gross Profit Margin	681	710	-4.08%
Operating Surplus	(22)	52	-142.31%
Net Surplus for the Year	32	111	-71.17%
Total Assets	2,669	2,612	2.18%
Total Net Assets	1,510	1,476	2.30%
Cash Flow from Operating Activities	192	87	120.69%
Capital Expenditure	86	198	-56.57%
Gross Profit Margin (%)	17.28%	18.05%	
Liquidity Ratio	2.02:1	1.89:1	
Solvency Ratio	2.30:1	2.30:1	
Cash Cover	1.04	0.96	
Operating Surplus (%)	-0.56%	1.32%	
Net Surplus for the Year (%)	0.81%	2.82%	

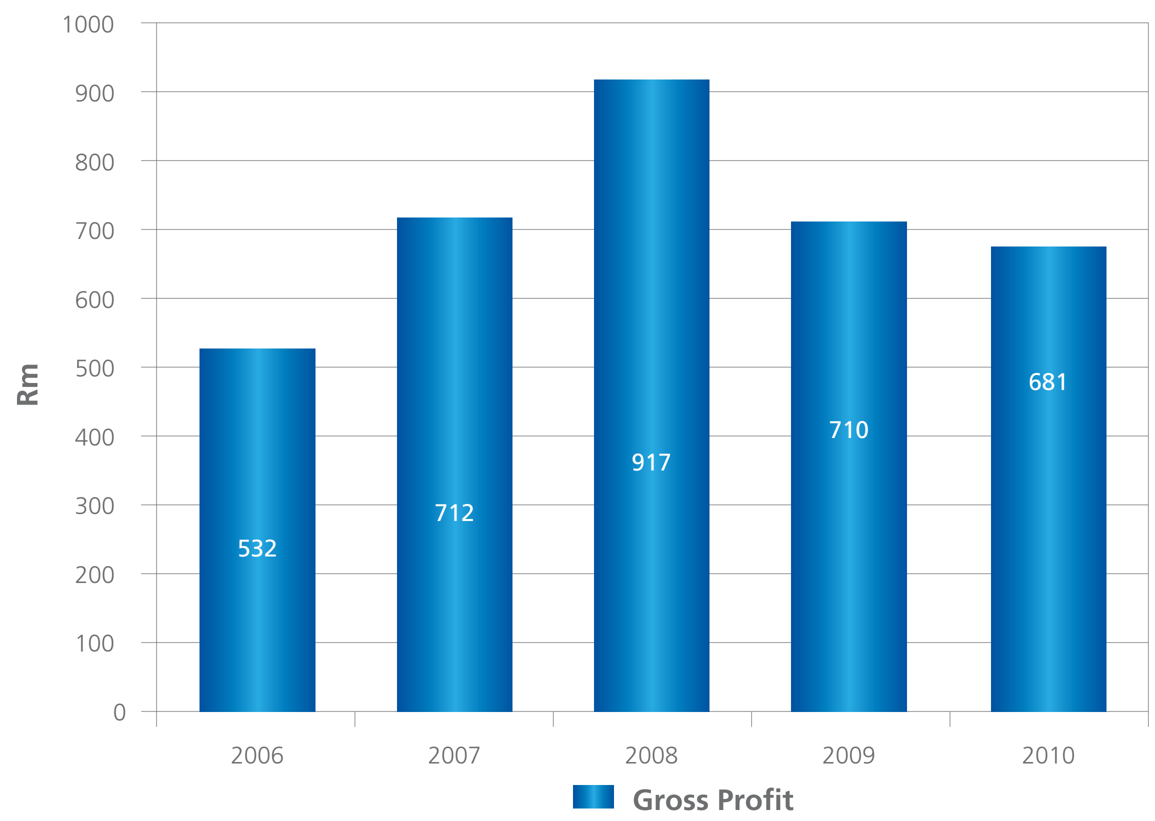
REVENUE



SURPLUS/(LOSS) BEFORE TAX



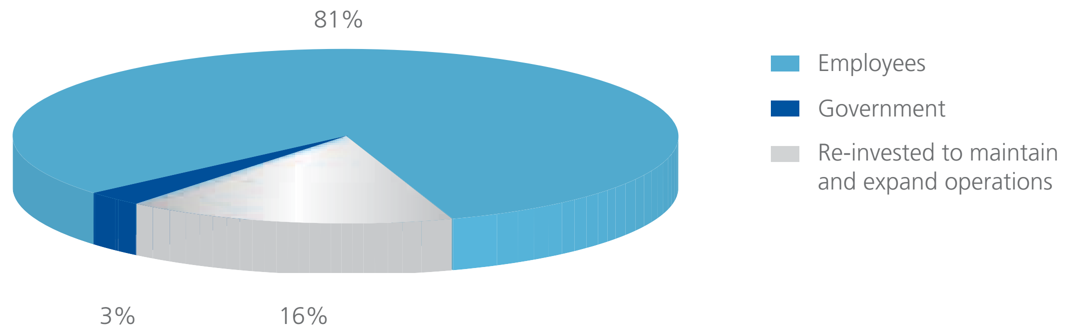
GROSS PROFIT



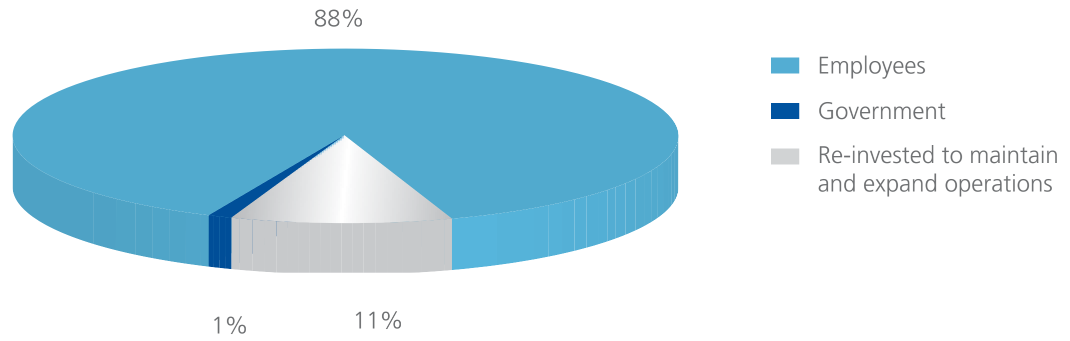
	MARCH			
(In Rm)	2010	%	2009	%
Revenue	3,942		3,934	
Paid to Suppliers for Materials & Services	2,162		2,400	
Value Added by Operations	1,780	92%	1,534	87%
Other Income	28	1%	51	3%
Interest Income	130	7%	178	10%
Total Wealth Created	**1,938**	**100%**	**1,763**	**100%**
Employees:	1,710	88%	1,432	81%
Salaries, Wages & Other Benefits	1,616		1,366	
Retirement Benefit Costs	94		66	
Government:				
Income Tax	18	1%	46	3%
Re-Invested to Maintain & Expand Operations:	210	11%	285	16%
Depreciation/Amortisation	178		174	
Accumulated Surplus	32		111	
Total Wealth Distributed	**1,938**	**100%**	**1,763**	**100%**

TOTAL WEALTH CREATED

MARCH 2009

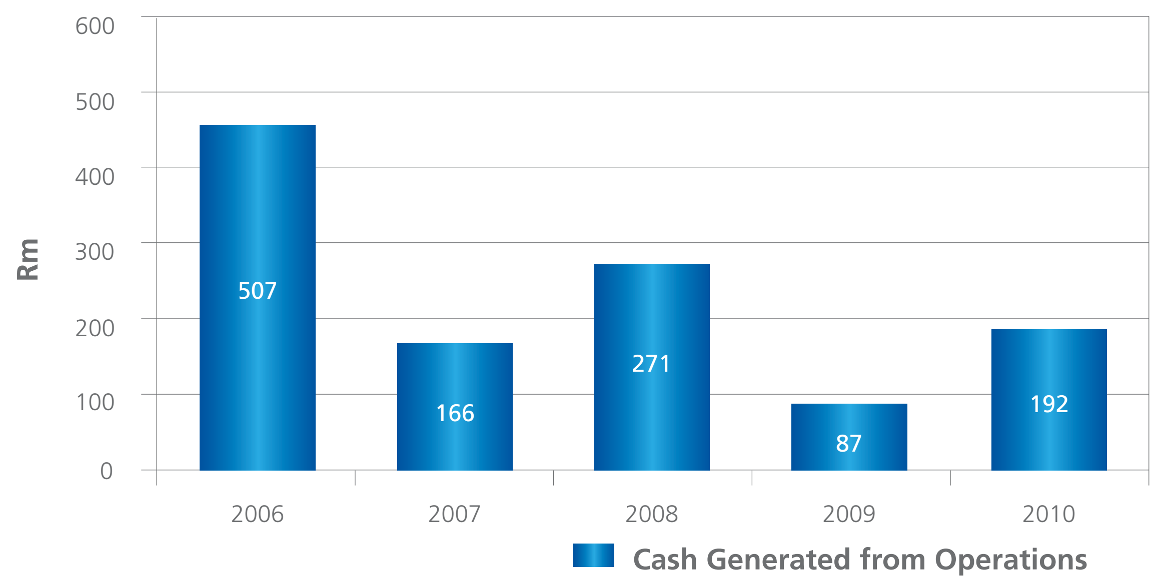


MARCH 2010

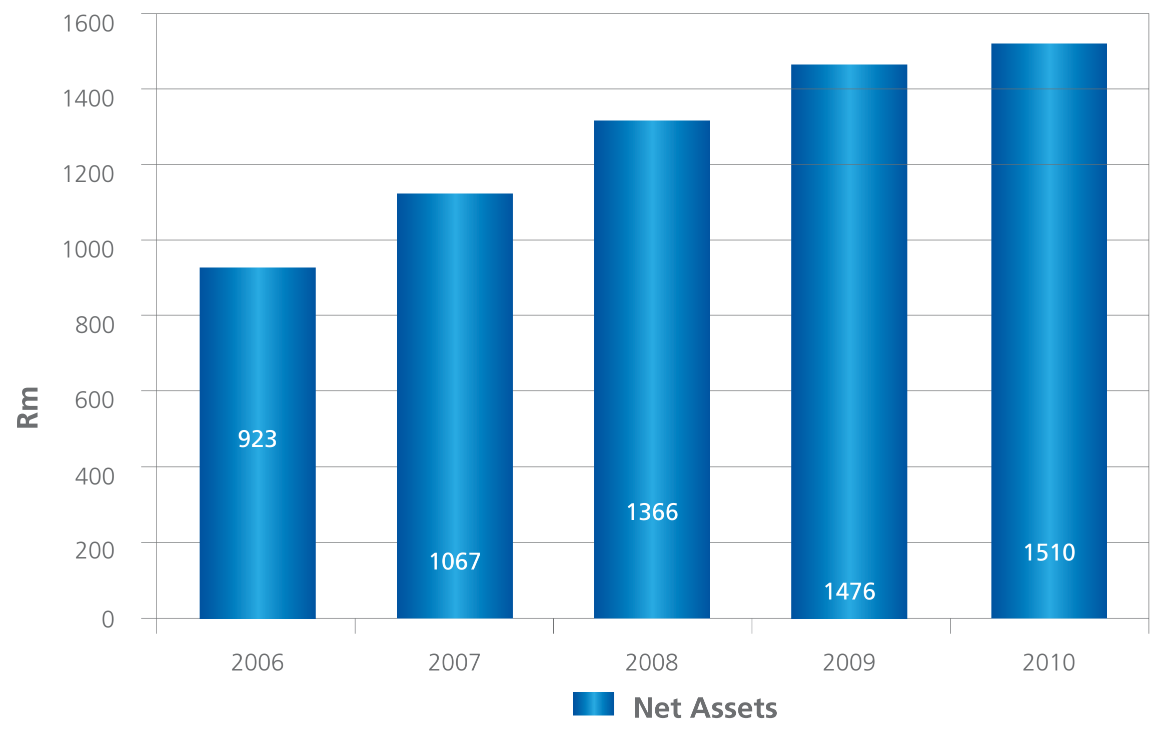


	31 MARCH				
(In Rm)	2010	2009	2008	2007	2006
STATEMENT OF FINANCIAL PERFORMANCE & CASH FLOW					
Revenue	3,942	3,934	3,608	3,357	2,904
Gross Surplus	681	710	917	712	532
Other Income	28	51	42	20	7
Finance Income	130	178	124	89	65
Finance Costs	58	74	48	25	12
Operating Expenses	732	709	607	592	476
Surplus before Tax	50	156	428	204	115
Income Tax Expense	18	46	129	61	33
Surplus for the Year	32	111	299	143	81
Cash Generated from Operations	192	87	271	166	507
STATEMENT OF FINANCIAL POSITION					
Current Assets	2,103	1,930	1,927	1,828	1,732
Non-Current Assets	566	682	634	517	464
Total Assets	**2,669**	**2,612**	**2,561**	**2,196**	**2,196**
Net Assets	1,510	1,476	1,366	1,067	923
Current Liabilities	1,043	1,023	1,086	1,172	1,169
Non-Current Liabilities	116	113	109	106	104
Total Net Assets & Total Liabilities	**2,669**	**2,612**	**2,561**	**2,196**	**2,196**
Capital Expenditure	**86**	**198**	**149**	**81**	**124**

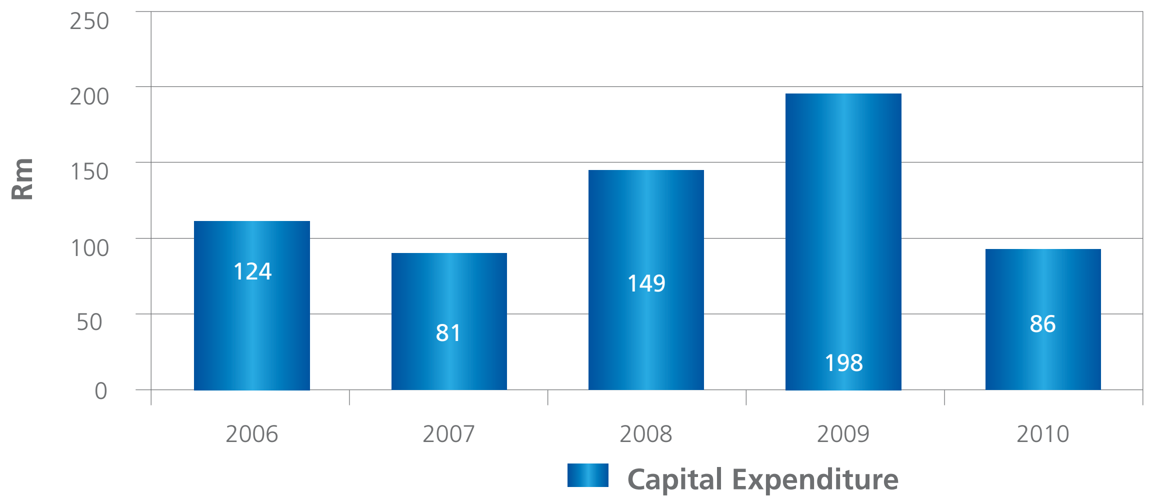
CASH GENERATED FROM OPERATIONS



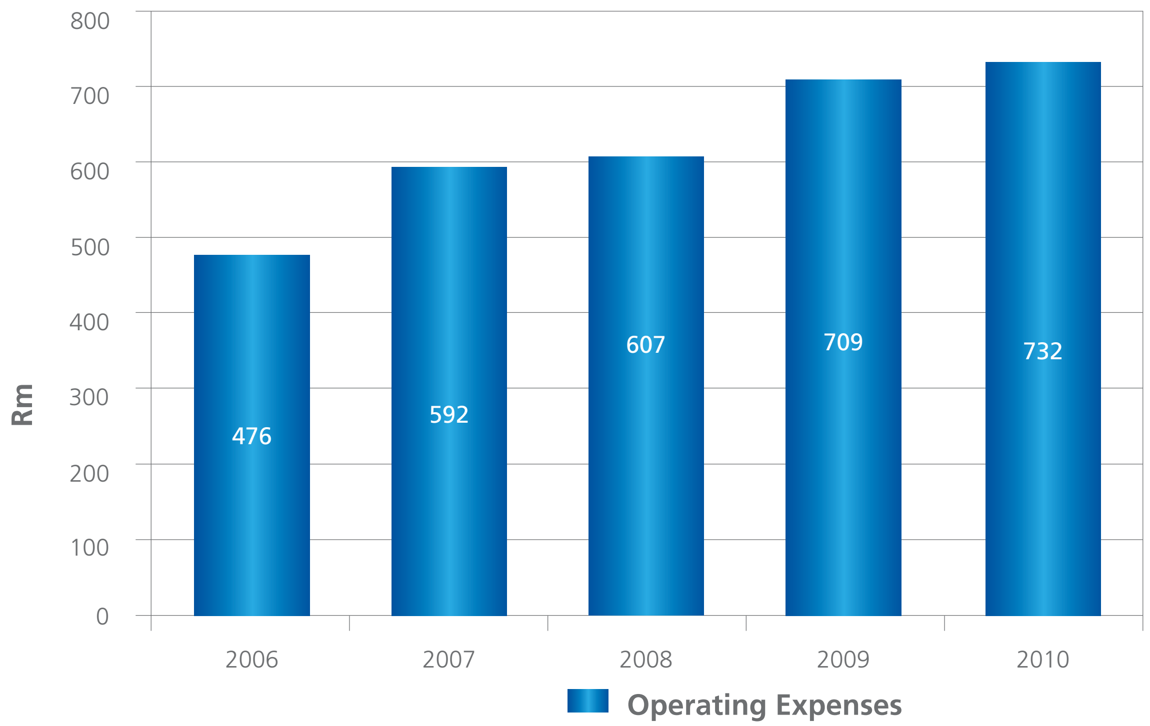
NET ASSETS



CAPITAL EXPENDITURE



OPERATING EXPENSES



SITA ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

CONTENTS

In terms of regulations 27(1) (10) (b) and (c) of the Public Finance Management Act no. 1 of 1999 (as amended).

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter; and has regulated its affairs in compliance with this charter; and has discharged all of its responsibilities contained therein.

In conducting its duties, the Audit and Risk Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems;
- The activities and effectiveness of SITA's Internal Audit Services (S-GAS) including its activities, its annual internal coverage plan, co-ordination with the Auditor-General, the reports of significant audits and investigations performed and the responses of Management to specific recommendations;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The independence and objectivity of the Auditor-General;
- The adequacy, reliability and accuracy of financial information provided by Management and other users of such information;
- Accounting and auditing concerns identified as a result of internal and the Auditor-General reports; and
- The entity's compliance with legal and regulatory provisions.

The Audit and Risk Committee is of the opinion, based on the information and explanations given by Management and S-GAS and discussions with the Auditor-General on the results of their audits, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the Annual Financial Statements, and that accountability for assets and liabilities is maintained.

Where important matters relating to weaknesses in the control environment have been identified by S-GAS during the year under review, these matters have been reported to Management for remedial action.

In the opinion of the Audit and Risk Committee, the following area, which has been highlighted by the Auditor-General in his report, requires urgent attention:

Material non-compliance with applicable legislation resulting in/as a result of:

- Irregular expenditure being incurred;
- A contract management system not being in place; and
- Improvement in project management

The Audit and Risk Committee has evaluated the Annual Financial Statements of the company for the year ended 31 March 2010 and, based on the information provided to the Audit and Risk Committee, considers that it complies, in all material respects, with the requirements of the Companies Act No. 61 of 1973, as amended, the Public Finance Management Act No. 1 of 1999, as amended, the SITA Act No. 88 of 1998, as amended and the South African Statements of Generally Accepted Accounting Practice including the statements of Generally Recognised Accounting Practice issued by the Accounting Standards Board.

The Audit and Risk Committee concurs that the adoptions of the going concern premise in the preparation of the Annual Financial Statements is appropriate. At its meeting held on 20 August 2010, the Audit and Risk Committee recommended the adoption of the Annual Financial Statements by the Board of Directors.

Prof M I Mphahlele
On behalf of:
Ms K Mdlulwa

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the State Information Technology Agency (Pty) Ltd (SITA), which comprise the statement of financial position as at 31 March 2010, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory information and the accounting authority's report, as set out on pages 80 to 137

The accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

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

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the SITA as at 31 March 2010, and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the PFMA and the Companies Act of South Africa.

Emphasis of matter

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

Restatement of corresponding figures

As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during the financial year ending 31 March 2010.

Irregular expenditure

As disclosed in note 31 to the financial statements, irregular expenditure to the amount of R214 million was incurred as a proper procurement and provisioning process was not followed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Findings

Predetermined Objectives

Usefulness of Information

The following criteria were used to assess the usefulness of the planned and reported performance information:

- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable and time bound?

The following audit findings relate to the above criteria:

Planned and reported measures not well defined

- For the selected objectives, 44% of the planned and reported measures were not clear, with an unambiguous definition to allow for data to be collected consistently.

Planned and reported performance targets not measurable and specific

- For the selected objectives, 22% of the planned and reported targets were not specific in nature and measurable in identifying the required level of performance.

Compliance with Laws and Regulations

Public Finance Management Act (PFMA)

Non-adherence to Legislation

- Contrary to the requirements of section 53 of the PFMA, the strategic plan and budget for the financial year 2010-11 had not been approved by the executive authority of SITA within the prescribed period.
- PFMA section 51(1)(a)(iii) and Treasury Regulation 16A.3.2 require that a fair, equitable, transparent, competitive and cost-effective procurement and provisioning system should be in place. A contract management system that facilitates the above was not in place during the financial year to comply with the PFMA and Treasury Regulations.

SITA Act, SITA Act Regulations, Treasury Regulations, National Treasury Practice notes to supply chain management, Preferential Procurement Policy Framework Act (PPPFA) and PPPFA Regulations

Contrary to the requirements of the laws and regulations relevant for procurement at SITA, the following were identified that constitute non-compliance:

Non-adherence to Legislation

- In some instances service level agreements with government departments and other government entities were not signed or concluded as required by section 20(2) of the SITA Act.
- No standards relating to the interoperability of information systems between departments and comprehensive information systems security environment for departments were set and approved as required by section 7(6)(a) of the SITA Act. Consequently, SITA has not been able to certify that acquisitions of information technology goods or services by a government department had been in compliance with the standards as required by section 7(6)(b) of the SITA Act and paragraph 4.3.3 of the SITA Act Regulations.
- Reporting to the Minister of Finance on supplier performance criteria in respect of all contracts for information technology services and goods for departments in terms of the SITA Act Regulation 7.4.1, has not been performed.
- In some instances the initiation of tender processes occurred without an approved business case and in other instances the business cases did not include a budget for the required goods and services, as required by SITA Act regulations paragraphs 8.1.3(a), 8.5(a) and 8.5(h).
- A procurement schedule for the execution of a request for a bid was not always submitted for approval to the designated official at the government department, as required by SITA Act Regulations paragraph 8.2.1(a). In some instances the timelines set in the procurement schedule (project plan) were not achieved, as required by SITA Act Regulation 8.2.2, with no communication to the government department as to the reasons for the delays, as required by SITA Act Regulation 8.2.3.
- The bid invitations were not approved by the designated officials at the government departments, as required in terms of SITA Act Regulation 8.1.7(a). In several cases the bid invitation document had been approved on a date after the bid was advertised, which is in contravention of Treasury Regulation 16A3.2(a). In some cases there was no proof that the bid had been advertised as required by Treasury Regulation 16A3.2(a) and 16A6.3(c) and SITA Act Regulations paragraph 8.3.1.
- Instances were noted where bid responses received after the approved bid closing date were evaluated. No evidence could be provided that the bid closing date had been extended. This resulted in a contravention of Treasury Regulation 16A3.2(a).

- The declaration of interest form was not always completed and signed at the meetings of the Recommendations Committee (RC), Supplier Recommendation Committee (SRC) and Supplier Selection Board (SSB) held to evaluate tenders, as required by Treasury Regulation 16A8.3(a) and 16A8.4 and Practice Note 7 of 2009-10 paragraphs 3.2.1.& 4.1.2. I could not confirm that the members of these committees did not have an interest in the tenders being evaluated.
- Various instances were noted where the composition of the RC/SRC and Bid Evaluation Committee (BEC) did not meet the requirements of SITA Act Regulations paragraph 13.3 (e), 13.2(a), 13.4, and Practice Note 5 of 2009-10 paragraph 4.1.2(h).
- The evaluation documents prepared by the tender evaluation committee were not always in the tender files. I could therefore not confirm that a proper evaluation process was followed and that the entity had complied with SITA Act Regulation 13.1.
- The information used in the evaluation reports did not always agree to bid responses submitted by the bidder. The basis of the evaluation as required by Treasury Regulation 16 A3.2, section 2(e) of the PPPFA, and PPPFA Regulation 8(6) could not be ascertained
- The functionality criteria in respect of black economic empowerment (BEE) / historically disadvantaged individuals (HDI) preference points set out in the PPPFA were not applied correctly and there were inaccuracies in the calculations performed in some instances. In certain instances the calculation could not be re-performed as there was no evidence that the BEC calculated the BEE/HDI preference points when evaluating contract. This constitutes non-compliance with Treasury Regulation 16A3.2 and PPPFA Regulations 8(1), 8(4), 8(5), 8(6), 13(2), 13(4), 13(5) 13(6), 13(7) and 13(8).
- The winning bidder was not always published in the government bulletin, as required by Treasury Regulation 16A6.3(d).
- After the conclusion of the tender process, contracts with suppliers were not concluded on a timely basis and in some instances the contract signed with the suppliers could not be provided. This could result in irregular expenditure and is in contravention of SITA Act Regulation 9.5.
- It was noted that in some instances quotations were requested from suppliers who are not on the list of preferred suppliers. Furthermore, a minimum of three quotes is not always obtained and the reasons for it documented. The process of receiving and screening quotes has not been properly implemented. This constitutes non-compliance with Treasury Regulation 16A3.2(a) and National Treasury Practice Note 8 of 2007-08 paragraph 3.2 and 3.3.3.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, Companies Act of South Africa and the SITA Act, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

Leadership

SITA does not have adequate policies, procedures and systems in place to ensure compliance with laws and regulations and an effective system of internal control. Ongoing monitoring and supervision are not undertaken to enable management to determine whether internal control over financial reporting is present and functioning.

In addition, management did not take corrective action on the following internal control deficiencies identified in our audit:

- An adequate system for managing contracts has not been implemented to ensure effective supply chain management.
- The prior year audit findings have not been substantially addressed.
- There is lack of consequence management against employees who are found to be continuously in breach of policies and procedures.
- There was a significant portion of application controls that could not be relied upon for audit purposes. These weaknesses in controls included access control, security settings, lack of audit trails and a lack of training for employees using the system.
- Controls to ensure compliance with procurement laws and regulations have not been designed and implemented effectively, resulting in poor risk management, irregular expenditure and increased exposure to fraud.

Financial and performance management

SITA did not have reliable information systems for recording and reporting financial information and therefore extensive manual intervention was required to prepare the annual financial statements for the financial year. The following internal control deficiencies were identified in the management of financial reporting:

- The financial statements were subject to material corrected misstatements resulting from the audit.
- Significant difficulties were experienced during the audit concerning delays and the availability of requested information.
- Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised and are completely and accurately processed.
- Monthly management accounts are incomplete and therefore decision-making by management is impacted negatively.
- Delegations of authority are not followed consistently and in some instances could not be provided.
- System reports are not readily available in the financial and reporting system, resulting in ineffective monitoring and reconciliation of accounts.

Governance

Governance structures and management did not appropriately address identified significant deficiencies in internal control relating to the overall control environment to prevent non-compliance and detect fraud. The lack of accurate monthly management accounts limits the effectiveness of the risk identification, management and monitoring processes. The following internal control deficiencies were identified in this regard:

- The risks in the procurement process have not been adequately identified and therefore appropriate controls were not designed and implemented to ensure compliance with laws and regulations.
- An instance was identified where an employee had defrauded the entity but this was not detected by the systems of internal controls within the entity

OTHER REPORTS

Investigations

Investigations in Progress

- The Special Investigation Unit is currently investigating four cases relating to procurement irregularities.
- As at 31 March 2010, there were 20 cases under investigation by internal audit. These investigations related to:
  - Procurement irregularities
  - Conflicts of interest
  - Alleged irregularities in the human resource and payroll departments.

The financial impact of the above investigations has not been quantified at this stage as the investigations are still in progress.

Investigations completed during the financial year

- An investigation into the Gateway project has been concluded and the report was presented to the Minister of Public Services and Administration. Refer to the directors' report on page 82 for the detail in this regard.
- An investigation into the CabeNet project has been finalised and the matter was handed over to the Commercial Crimes Unit of the South African Police Service (SAPS). Refer to the directors' report on page 82 for the detail in this regard.
- As at 31 March 2010, internal audit had completed 15 investigations for the period under review. Twelve relate to irregularities within the procurement process and the remaining three to human resources matters and contract and invoicing disputes.

Auditor-General

Pretoria

30 August 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

The Directors of the company are responsible for the preparation and fair presentation of the Annual Financial Statements of SITA (Pty) Limited, comprising: the Statement of Financial Position as at 31 March 2010; the Statement of Financial Performance for the period ended 31 March 2010; the Statement of Changes in Net Assets for the year ended 31 March 2010; the Cash Flow Statement for the financial year then ended; the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes; and the Directors' Report, in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations and directives issued by the International Accounting Standards Board (IASB), and in a manner required by the Companies Act of South Africa.

The Directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these Financial Statements.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Annual Financial Statements

The Annual Financial Statements of SITA (Pty) Ltd, as outlined in the first paragraph, were approved by the Board of Directors on 23 August 2010 and are signed on its behalf by:

Ms Z P Manase
Director

Prof M I Mphahlele
On behalf of:
Ms K Mdlulwa

I, Ernst Odendaal, in my capacity as Acting Company Secretary of SITA (Pty) Ltd, hereby certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies all such returns as are required of it in terms of the Companies Act No. 61 of 1973, and that all such returns are true, correct and up to date.

Mr Ernst Odendaal
Acting Company Secretary

The Directors have pleasure in presenting their report, which forms part of the audited Annual Financial Statements of the State Information Technology Agency (Pty) Ltd for the year ended 31 March 2010. This report and the Annual Financial Statements comply with the requirements of the Public Finance Management Act No. 1 of 1999 (as amended), the SITA Act No. 88 of 1998 (as amended by Act No. 38 of 2002) and the Companies Act No. 61 of South Africa. The Board of Directors is the Accounting Authority in terms of section 49(2) (a) of the PFMA.

NATURE OF BUSINESS

The nature of the company's business is the provision of information technology, information systems and related services in a maintained information systems security environment to, or on behalf of, participating national government departments, provincial government departments, and local government. In this regard the company is an agent of the South African government, in accordance with SITA Act No. 88 of 1998 (as amended by Act No. 38 of 2002). The company derives all its revenue from ICT goods and services.

REGISTRATION DETAILS

The company's registration number is 1999/001899/07. The registered office is 459 Tsitsa Street, Erasmuskloof, Pretoria 0001.

OWNERSHIP

The company is wholly owned by the government of the Republic of South Africa as represented by the Minister of Public Service and Administration, Mr R Baloyi.

CONTRIBUTED CAPITAL

There were no changes to either the authorised or issued share capital of the company during the year ended 31 March 2010. Details of the authorised and issued share capital can be found in Note 12 to the Annual Financial Statements.

FINANCIAL HIGHLIGHTS

The financial performance of the company is set out on page 87 of this report.

The financial performance is summarised as follows:

	31 MARCH	
(in Rand)	2010	2009
Revenue	3 941 772 740	3 933 570 542
Gross Surplus	681 491 278	710 151 983
Surplus for the Year Before Tax	49 562 216	156 028 682
Total Assets	2 669 100 327	2 611 985 476
Net Assets	1 510 209 597	1 476 469 218
Cash Generated from Operations	191 675 575	87 125 560

DIVIDENDS

There were no dividends declared for the current financial year (2009: R Nil).

INTERNAL CONTROLS

The Board has the ultimate responsibility for establishing, implementing and maintaining a framework of internal controls. The controls are designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The internal control environments were managed and monitored by the Internal Audit Department.

PUBLIC FINANCE MANAGEMENT ACT (PFMA)

PFMA Compliance

Various sections of the PFMA place responsibility on the Board to ensure that the company complies with all applicable legislation. Any non-compliance with legislation is reported on a quarterly basis to both the Executive Committee (EXCO) and the Board of Directors.

Materiality and Significance Framework

A Materiality and Significance Framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions as per section 54(2) of the Act, that require ministerial approval. The framework was approved by the Board of Directors and the Minister of Public Services and Administration for the 2009/10 financial year.

Material Losses through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

Section 55(2) (b) of the PFMA requires that the company include in the Annual Report particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year. Details of such expenditure incurred can be found in Note 31 of the Financial Statements.

There were no confirmed instances of losses through criminal conduct discovered during the year under review.

Irregular Expenditure and Fruitless and Wasteful Expenditure Discovered during the Previous Financial Year

Gateway

This incident occurred between May 2002 and June 2004 and was detected by Management on 28 June 2004. The investigation has been concluded and the report was presented to the Minister. Conclusion of the investigation has opened the way for the arbitration to proceed. SITA took the decision to withdraw the arbitration proceedings.

CabEnet

This incident occurred between September 2001 and September 2003. It was detected in May 2004. This matter is in the hands of the Commercial Crime Unit (SCCU) of the South African Police Service (SAPS).

PUBLIC PRIVATE PARTNERSHIPS

The company did not enter into Public Private Partnerships during the current financial year.

BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). In terms of these standards (GRAP), in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically apply to a transaction, other event or condition, Management should apply judgement and may consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition:

- Standards of GRAP that have been issued, but are not yet effective
- IPSAS
- IFRS
- SA Statements of GAAP

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL POSITION

Subsequent to the date of Financial Position, the Directors are not aware of any matters or circumstances that may materially affect the Financial Statements.

GOING CONCERN

The Directors confirm that they are satisfied that the company has adequate resources to continue in business for the twelve-month period from the date of this report. For this reason they continue to adopt the going concern basis for preparing the Financial Statements as confirmed in the Statement of Responsibility by the Board of Directors on page 78.

DIRECTORS

Disclosure of Directors' remuneration is detailed in Annexure A to the Annual Financial Statements. The following individuals were Directors during the period under review:

NON-EXECUTIVE DIRECTORS

Ms Z P Manase (Chairperson)
Ms F C Potgieter-Gqubulé (Deputy Chairperson)
Ms S V Bvuma
Ms C B Clark
Mr P R Kgame
Mr C C W Kruger
Mr A M Luthuli
Ms M Makhekhe-Mokhuane
Ms K Mdlulwa
Prof M I Mphahlele
Ms R Sekese
Ms M O Williams
Mr W S Mabena (Alternate)
Ms B M Malongete (Alternate)
Ms N M Mhlakaza (Alternate)
Ms T Moloko (Alternate)
Mr D C Niddrie (Alternate)

COMPANY SECRETARY

MOVEMENTS DURING THE YEAR

Ms E Strydom	Term of office ended on 31 January 2010
Mr E H Odendaal (Acting)	Commenced on 1 February 2010

NEW APPOINTMENTS DURING THE PERIOD UP TO SITA'S ANNUAL GENERAL MEETING (AGM)

NON-EXECUTIVE DIRECTORS

Ms F C Potgieter-Gqubulé	17 March 2010
Ms S V Bvuma	17 March 2010
Mr P R Kgame	17 March 2010
Mr W S Mabena	17 March 2010
Ms B M Malongete	17 March 2010
Ms K Mdlulwa	17 March 2010
Ms N M Mhlakaza	17 March 2010
Ms T Moloko	17 March 2010
Prof M I Mphahlele	17 March 2010
Ms K R Mthimunye	01 May 2010
Mr D C Niddrie	17 March 2010
Ms N Ntsinde	01 May 2010
Mr G Pillay	01 May 2010
Ms N J Shibambu	01 May 2010

EXECUTIVE DIRECTOR

Ms N Ntsinde (Acting Chief Executive Officer)	01 July 2010

RESIGNED DURING THE PERIOD UP TO SITA'S ANNUAL GENERAL MEETING (AGM)

NON-EXECUTIVE DIRECTORS

MS C B Clark	Resigned on 30 April 2010
Ms M Makhekhe-Mokhuane	Resigned on 30 April 2010
Ms M O Williams	Resigned on 30 September 2009

STATEMENT OF FINANCIAL POSITION

(in Rand)	NOTE	31 MARCH 2010	31 MARCH 2009
ASSETS			
Non-Current Assets		**565,523,355**	**682,113,834**
Property, Plant & Equipment	4	463,749,908	547,981,946
Intangible Assets	5	53,473,112	68,008,909
Deferred Tax Asset	7	48,300,335	66,122,979
Current Asset		**2,103,576,972**	**1,929,871,642**
Cash & Cash Equivalents	8	1,085,151,461	984,717,470
Trade & Other Receivables	9	767,614,404	891,895,168
Contract Work in Progress	10	67,633,835	19,584,444
Income Tax Receivable		96,321,270	7,150,939
Prepayments	11	86,856,002	26,523,621
Total Assets		**2,669,100,327**	**2,611,985,476**
NET ASSETS & LIABILITIES			
Net Assets		**1,510,209,597**	**1,476,469,218**
Contributed Capital	12	1	1
Non-Distributable Reserves	13	627,334,546	625,333,736
Accumulated Surpluses		882,875,050	851,135,481
LIABILITIES			
Non-Current Liabilities		**116,034,829**	**112,782,143**
Interest-Bearing Borrowings	14	5,200,090	10,400,170
Post-Retirement Employee Benefits	15	110,834,739	102,381,973
Current Liabilities		**1,042,855,901**	**1,022,734,115**
Trade & Other Payables	16	577,156,708	690,552,726
Current Portion of Interest-Bearing Borrowings	14	5,200,080	5,200,080
Provisions	17	—	66,942,801
Income Received in Advance	18	460,499,113	260,038,508
Income Tax Payable		—	—
Total Net Assets & Liabilities		**2,669,100,327**	**2,611,985,476**

STATEMENT OF FINANCIAL PERFORMANCE

(in Rand)	NOTE	31 MARCH 2010	31 MARCH 2009
Revenue	19	3,941,772,740	3,933,570,542
Cost of Sales	20	3,260,281,462	3,223,418,559
Gross Surplus		681,491,278	710,151,983
Other Income	21	28,356,314	50,908,426
Operating Expenses	22	732,092,574	708,848,766
(Deficit) / Surplus from Operating Activities		(22,244,982)	52,211,643
Finance Income	23	129,544,393	177,501,300
Finance Expenses	24	57,737,195	73,684,261
Surplus Before Income Tax		49,562,216	156,028,682
Income Tax Expense	25	17,822,647	45,521,751
Surplus for the Year Attributable to Shareholder		**31,739,569**	**110,506,931**

(in Rand)	Note	Contributed Capital	Non-Distributable Reserve	Accumulated Surpluses	Total
Balance as at 31 March 2008		1	625,333,736	740,628,551	1,365,962,288
Surplus for the Year as Originally Stated				153,705,828	153,705,828
Prior Year Error	35			(43,198,898)	(43,198,898)
Restated Balance as at 31 March 2009		1	625,333,736	851,135,481	1,476,469,218
Adjustment			2,000,810		2,000,810
Surplus for the Year				31,739,569	31,739,569
Balance as at 31 March 2010		**1**	**627,334,546**	**882,875,050**	**1,510,209,597**
	Note	12	13		

(in Rand)	NOTE	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Sale of Goods & Services		4,050,790,953	3,900,751,575
Finance Income Received		56,385,495	86,107,766
Payments:			
Payment to Suppliers & Employees		(3,809,390,436)	(3,716,144,131)
Finance Costs Paid		(16,940,106)	(30,316,420)
Income Tax Paid	32.1	(89,170,331)	(153,273,230)
Cash Flows from Operating Activities	**32.2**	**191,675,575**	**87,125,560**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(64,856,780)	(162,608,546)
Purchase of Intangible Assets		(21,191,154)	(35,897,453)
Proceeds from the Sale of Property, Plant & Equipment		6,430	40,973
Cash Flows from Investing Activities		**(86,041,504)**	**(198,465,026)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Interest-Bearing Borrowings		(5,200,080)	(5,200,080)
Cash Flows from Financing Activities		**(5,200,080)**	**(5,200,080)**
Increase in Cash & Cash Equivalents		100,433,991	(116,539,546)
Cash & Cash Equivalents at Beginning of Year		984,717,470	1,101,257,016
Cash & Cash Equivalents at End of Year		**1,085,151,461**	**984,717,470**

1. REPORTING ENTITY

The State Information Technology Agency (Pty) Ltd (SITA) is a private company domiciled in South Africa. The company is primarily involved in the provision of information technology, information systems and related services in a maintained systems security environment on behalf of participating government departments, including provincial and local government departments. The Financial Statements for the year ended 31 March 2010 were authorised in accordance with a resolution of the Board of Directors on 23 August 2010.

2. BASIS OF PREPARATION

These Financial Statements are presented in South African rands (R), which is the company's functional currency. They have been prepared on the historical cost basis unless otherwise stated.

2.1 Statement of Compliance

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations and directives issued by the International Accounting Standards Board (IASB). In terms of these standards (GRAP), in the absence of a standard or pronouncement comprising the GRAP financial reporting frameworks that specifically applies to a transaction, other event or condition, Management should apply judgement and may consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition:

- Standards of GRAP (Generally Recognised Accounting Practices) that have been issued, but are not yet effective
- IPSAS (International Public Sector Accounting Standards)
- IFRS (International Financial Reporting Standards)
- SA Statements of GAAP (Generally Accepted Accounting Practice)

The accounting policies adopted are consistent with those of the previous financial year. The company has adopted the following new GRAP standards:

GRAP4	The Effects of Changes in Foreign Exchange Rates
GRAP5	Borrowing Costs
GRAP9	Revenue from Exchange Transactions
GRAP11	Construction Contracts
GRAP12	Inventories
GRAP13	Leases
GRAP14	Events After Reporting Date
GRAP17	Property, Plant & Equipment
GRAP19	Provisions, Contingent Liabilities & Contingent Assets
GRAP102	Intangible Assets

The adoption of these standards and their interpretations did not have any effect on the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement of the company or any additional disclosure, as no events occurred that these standards and interpretations relate.

Paragraphs 11-15 of GRAP1: *Presentation of financial statements* require entities to provide information in their Financial Statements on whether resources were obtained and used in accordance with the legally adopted budget. In order to ensure full compliance with GRAP1, National Treasury has prescribed the inclusion of a reconciliation in the Notes to the Financial Statements, as the minimum for compliance with paragraphs 11-15 of GRAP 1. Refer to Note 33.

2.2 Use of Estimates and Judgements

The preparation of Financial Statements in conformity with the basis of preparation requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1 Foreign Currency Transactions

Transactions in currencies other than the company's functional currency are defined as foreign currency transactions. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated at the exchange rate ruling at the original transaction date. In order to reduce exposure to fluctuations in foreign currency exchange rates, the company enters into forward exchange contracts for all foreign currency transactions. Realised and unrealised gains and losses on forward exchange contracts entered into as hedges are recognised as income and expenses on the same basis and over the same period as the hedged assets or liabilities. Any foreign exchange differences are recognised in the surplus or deficit in the period in which the difference occurs.

3.2 Financial Instruments

Financial assets and liabilities are recognised in the Statement of Financial Position when the company has become party to contractual provisions of the financial instruments.

A financial asset and a financial liability is initially recognised at its fair value plus, in the case of a financial asset or a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of a financial asset or a financial liability.

After initial recognition, financial assets, including derivative assets, are measured at their fair values, without any transaction costs it may incur on sale or other disposal, except for the following financial assets:

- Loans and receivables are measured at amortised cost using the effective interest method.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through surplus or deficit. Financial liabilities at fair value through surplus or deficit, including derivatives that are liabilities, are measured at fair value.

At the end of each reporting period, financial assets measured at amortised cost are assessed whether there is any objective evidence of impairment. If objective evidence exists that an impairment loss has been incurred, such loss is recognised in surplus or deficit. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is reversed through surplus or deficit.

A gain or loss on a financial asset or a financial liability classified as at fair value through the surplus or deficit, including a derivative asset or liability, is recognised in the surplus or deficit.

3.3 Property, Plant and Equipment

a) Recognition and Measurement

Items of property, plant and equipment, except land, are measured at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost and is not depreciated. The cost of items of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Where an asset is acquired at no cost, or for a nominal amount, its cost is its fair value as at the date of acquisition.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment at disposal date and are recognised in surplus or deficit.

b) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are not capitalised, they are recognised in the surplus or deficit as incurred.

c) Depreciation

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful life of each item of property, plant and equipment. Land is not depreciated. Depreciation begins when the item of property, plant and equipment is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Depreciation ceases when the asset is de-recognised.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	17 – 50 years
Computer Equipment	3 – 8 years
Office Furniture	7 – 10 years
Vehicles	9 – 10 years

Depreciation methods, useful lives and estimated residual values are reviewed at each reporting date. The effect of changes in the depreciation methods, useful lives and estimated residual values are accounted for in accordance with the Standard on Accounting Policies, Changes in Accounting Estimates and Errors as a change in estimate.

d) De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset at the disposal date and is recognised in surplus or deficit.

3.4 Intangible Assets

Intangible assets that are acquired by the company are initially measured and recognised at cost. Subsequently they are carried at cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets. The amortisation period and the amortisation method are reviewed annually and any changes are accounted for in terms of the Standard on Accounting Policies, Changes in Accounting Estimates and Errors.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

An estimate of an asset's residual value is based on the amount recoverable from disposal using prices prevailing at the date of the estimate for the sale of a similar asset that has reached the end of its useful life and has operated under conditions similar to those in which the asset will be used. The residual value is reviewed at least at each reporting date.

Expenditure on an intangible item is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria.

a) Computer Software

Computer software is initially recognised at cost. Subsequently it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of the software not exceeding three years. Annual license fees on software are expensed in the year of accrual.

b) Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit in the year in which it is incurred.

There are no development costs.

3.5 Leases

a) Lessee

Leases where the company does not retain a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position.

b) Lessor

Rental income (net of any incentives given to the lessee) from operating leases is recognised on a straight-line basis over the term of the relevant lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised, as an integral part of the total lease income on a straight-line basis, over the lease term.

There are no items of property, plant and equipment classified as finance leased assets.

c) Determining Whether an Arrangement Contains a Lease

The company ensures that the following two requirements are met, in order for an arrangement transacted by the company to be classified as a lease in terms of GRAP 13:

- Fulfilment of the arrangement is dependent on the use of an asset or assets, and this fact is not necessarily explicitly stated by the contract but rather implied; and
- The arrangement conveys a right to use the asset or assets, if one of the following conditions is met:
  - The purchaser has the ability or right to operate the asset or direct others to operate the asset; or
  - The purchaser has the ability or right to control physical access to the asset; or
  - There is only a remote possibility that parties other than the purchaser will take more than an insignificant amount of the output of the asset, and the price that the purchaser will pay is neither fixed per unit of output nor equal to the current market price at the time of delivery.

The company's assessment of whether an arrangement contains a lease is made at inception of the arrangement, with reassessment occurring in the event of limited changes in circumstances as specified by GRAP 13.

3.6 Contract Work in Progress

Contract work in progress is stated at cost plus profit recognised to date, less provisions for foreseeable losses and less progress billings. Costs include all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the company contract activities based on normal operating activities.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

As soon as the outcome of a contract can be estimated reliably, contract revenue is recognised in surplus or deficit in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

3.7 Impairment

The carrying amount of the company's tangible and intangible assets with a finite useful life, other than financial assets, work in progress and deferred taxation assets, is reviewed at each reporting date to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss (if any). Where an asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. For intangible assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset after deducting any costs relating to the realisation of the asset. In assessing the value in use, the expected future cash flows from the asset are discounted to their net present values using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates previously used to determine the recoverable amount, to an amount not higher than the carrying amount that would have resulted, net of depreciation and amortisation, had no impairment loss been recognised. A reversal of an impairment loss is recognised as income immediately if the impairment was recognised previously as an expense.

3.8 Employee Benefits

a) Defined Contribution Plan

A defined contribution plan is a post-retirement benefit plan under which the company pays fixed contributions into a separate company and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

b) Defined Benefit Plan

The post-retirement benefit plan is a defined benefit plan. Medical benefits are provided for all permanent employees via three medical funds. All contributions paid are charged to surplus or deficit in the year to which they relate. The company provides post-retirement health care benefits to a closed group of qualifying employees and retirees. The entitlement to post-retirement health care benefits is based on the qualifying employee remaining in service up to retirement age. The expected cost of these benefits are accrued for over the period of employment, using the projected unit credit method. Annual valuations of these obligations are carried out by independent qualified actuaries. Any actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are deferred and recognised in surplus or deficit over the remaining working lives of employees.

c) Termination Benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present values.

d) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.9 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

3.10 Revenue

Revenue comprises amounts invoiced to customers for goods and services, and excludes value added tax.

The sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, recovery of the consideration is considered probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing Management involvement with the goods.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) The amount of revenue can be measured reliably.
(b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
(c) The stage of completion of the transaction at the reporting date can be measured reliably.
(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3.11 Finance Income

Finance income comprises interest income on funds invested and adjustments in terms of IAS 39 interpreted in Circular 9/2006 issued by SAICA.

Interest is recognised on the time proportion basis using the effective interest method over the period to maturity, when it is determined that such income will accrue to the company.

3.12 Finance Expenses

Finance expenses comprise interest payable on borrowings and calculated and recognised in surplus or deficit using the effective interest method. Also included is the adjustment required in terms of IAS 39 interpreted in Circular 9/2006 issued by SAICA.

3.13 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in surplus or deficit except to the extent that it relates to items recognised directly in the Statement of Changes in Net Assets.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of the tax payable for previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. The effects of deferred taxation of any changes in tax rates is recognised in surplus or deficit, except to the extent that it relates to items previously charged and credited directly to the Statement of Changes in Net Assets.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Related Parties

The company operates in an economic environment currently denominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence that is guaranteed for the different spheres of government, only parties within the national sphere of government are considered to be related parties.

Key Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the company.

Close family members of key Management personnel are considered to be those family members who may be expected to influence, or be influenced by key Management individuals in their dealings with the company.

All related party transactions are also disclosed in terms of the requirements of IPSAS 20 Related Party Disclosures. The objective of the Standard and the Financial Statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

3.15 Irregular, Fruitless and Wasteful Expenditure

Irregular expenditure is defined as expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation.

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular, fruitless and wasteful expenditure are charged in surplus or deficit in the period in which they are identified.

3.16 Cash and Cash Equivalents

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

4. PROPERTY, PLANT AND EQUIPMENT

(in Rand)	LAND	BUILDINGS	COMPUTER EQUIPMENT	OFFICE FURNITURE	VEHICLES	TOTAL
AT 31 MARCH 2010						
COST						
Balance at Beginning of Year	22,742,785	238,144,933	697,887,657	111,274,548	886,529	1,070,936,452
Additions & Improvements	–	17,737,036	43,639,963	3,055,725	424,056	64,856,780
Adjustment	2,000,810	–	–	–	–	2,000,810
Disposals	–	–	(157,798,749)	(6,784,128)	(161,828)	(164,744,705)
Balance at End of Year	24,743,595	255,881,969	583,728,871	107,546,145	1,148,757	973,049,337
ACCUMULATED DEPRECIATION						
Balance at Beginning of Year	–	46,956,839	437,119,647	37,991,491	886,529	522,954,506
Depreciation Charge	–	12,827,581	112,456,993	16,493,713	4,938	141,783,225
Impairment	–	–	158,417	7,810	–	166,227
Disposals	–	–	(149,056,033)	(6,386,668)	(161,828)	(155,604,529)
Balance at End of Year	–	59,784,420	400,679,024	48,106,346	729,639	509,299,429
Net Carrying Amount	**24,743,595**	**196,097,549**	**183,049,847**	**59,439,799**	**419,118**	**463,749,908**
AT 31 MARCH 2009						
COST						
Balance at Beginning of Year	22,742,785	218,397,803	736,705,607	82,395,529	886,529	1,061,128,253
Additions & Improvements	–	20,000,578	109,924,875	32,683,093	–	162,608,546
Disposals	–	(253,448)	(148,742,825)	(3,804,074)	–	(152,800,347)
Balance at End of Year	22,742,785	238,144,933	697,887,657	111,274,548	886,529	1,070,936,452
ACCUMULATED DEPRECIATION						
Balance at Beginning of Year	–	37,530,342	461,976,257	27,372,788	886,529	527,765,916
Depreciation Charge	–	9,675,635	120,522,579	13,553,607	–	143,751,821
Impairment	–	–	1,782,291	7,714	–	1,790,005
Disposals	–	(249,138)	(147,161,480)	(2,942,618)	–	(150,353,236)
Balance at End of Year	–	46,956,839	437,119,647	37,991,491	886,529	522,954,506
Net Carrying Amount	**22,742,785**	**191,188,094**	**260,768,010**	**73,283,057**	**–**	**547,981,946**

None of the items of property, plant and equipment are held under finance lease.

The carrying amounts of the property, plant and equipment are equal to their fair values.

A register of land and buildings is available for inspection at the registered office of the company.

Property, plant and equipment with an estimated carrying value of R37.9 million (2009: R38.9 million) were pledged as security for borrowings of R10.4 million (2009: R15.6 million). Refer to Note 14.

5. INTANGIBLE ASSETS

(in Rand)	2010	2009
COST		
Balance at Beginning of Year	162,174,360	139,394,898
Additions & Improvements	21,191,154	35,897,453
Disposals	(3,783,601)	(13,117,991)
Balance at End of Year	179,581,913	162,174,360
ACCUMULATED AMORTISATION		
Balance at Beginning of Year	94,165,451	78,624,221
Amortisation Charge	35,726,951	28,659,221
Disposals	(3,783,601)	(13,117,991)
Balance at End of Year	126,108,801	94,165,451
Net Carrying Amount	**53,473,112**	**68,008,909**

Intangible assets comprise of software and licenses.

6. CAPITAL COMMITMENTS

At year-end the company has a budgeted amount of R93.8million (2009: R57 million) that has been approved for capital acquisitions and has not yet been contracted for.

7. DEFERRED TAX ASSET

Deferred tax asset is attributable to the following:

(in Rand)	STATEMENT OF FINANCIAL PERFORMANCE MOVEMENT	2010	2009
Movement in Impairment on Trade Receivables	2,098,743	17,373,314	15,274,571
Accrual for Leave Pay Benefits	3,285,941	18,120,103	14,834,162
Post-Retirement Medical Benefits	2,366,775	31,033,727	28,666,952
Income Received in Advance	56,128,970	128,939,752	72,810,782
Performance Bonus	(18,743,984)	—	18,743,984
Circular 9 Adjustment	1,359,248	1,293,015	(66,233)
Leases	(2,019,220)	1,826,151	3,845,371
Prepayments	(16,893,067)	(24,319,681)	(7,426,614)
Section 24C Allowance	(76,418,553)	(128,769,829)	(52,351,276)
Depreciation/Amortisation	5,628,913	(22,579,807)	(28,208,720)
Calculated Tax Loss	25,383,590	25,383,590	—
	(17,822,644)	**48,300,335**	**66,122,979**
RECONCILIATION BETWEEN OPENING & CLOSING BALANCE			
Deferred Tax Asset at Beginning of Year		66,122,979	39,763,066
Statement of Financial Performance Movement		(17,822,644)	26,359,913
– Current Year		(17,822,644)	10,115,971
– Prior Year		—	16,243,942
Deferred Tax Asset at End of Year		**48,300,335**	**66,122,979**

8. CASH AND CASH EQUIVALENTS

(in Rand)	2010	2009
RING-FENCED CASH	534,092,722	447,478,248
– IFMS Project	66,662,635	41,542,040
– Income Received in Advance	392,648,087	107,222,720
– IBM Weighting Factor	—	225,368,488
– Municipal Deposits	1,437,000	—
– Post-Retirement Medical Benefits	73,345,000	73,345,000
OTHER SURPLUS CASH	551,058,739	537,239,222
	1,085,151,461	984,717,470
ANALYSIS OF OTHER	551,058,739	537,239,222
– Current Account Balance	10,180,819	46,185,439
– Call Account Balance	212,366,454	71,968,014
– Investment Account Balance	328,498,466	419,068,425
– Cash Float	13,000	17,344

Ring-fenced cash represents cash received from customers to be utilised for specific projects in future, deposits held for rental and municipalities and money that has been ring-fenced to manage the immediate risk of an uncovered post-retirement medical benefit liability.

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

The average rate of interest on the cash balances was 8.24 % (2009 : 11.9%)

9. TRADE AND OTHER RECEIVABLES

(in Rand)	2010	2009
Trade Receivables	836,031,822	941,093,242
Less: Impairment of Trade Receivables	(79,476,637)	(69,875,647)
	756,555,185	871,217,595
Other Receivables	11,059,219	20,677,573
	767,614,404	**891,895,168**

Refer to Note 27 for the breakdown of trade receivables due from related parties.

The company's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in Note 26.

10. CONTRACT WORK IN PROGRESS

(in Rand)	2010	2009
Projects in Progress	**67,633,835**	**19,584,444**

This amount represents expenditure incurred to date on projects for which billing has not yet taken place, as milestones have not yet been reached. This amount has been considered for impairment and is recoverable.

There are no amounts related to advances received as well as retentions, as no billing was done as at 31 March 2010.

11. PREPAYMENTS

(in Rand)	2010	2009
Deposits	—	894,504
Software Maintenance Costs	86,856,002	25,629,117
	86,856,002	**26,523,621**

Prepayments relate to payments made for software maintenance costs.

12. CONTRIBUTED CAPITAL

(in Rand)	2010	2009
Authorised & Issued		
One Ordinary Share at R1.00 Each	1	1

13. NON-DISTRIBUTABLE RESERVES

(in Rand)	2010	2009
Opening Balance	625,333,736	625,333,736
Movement	2,000,810	—
Closing Balance	**627,334,546**	**625,333,736**

The State Information Technology Agency Act, 1998 (Act No.88 of 1998) resulted in the reduction of the company's share capital from R625 333 737 to R1. Approval was granted by National Treasury to transfer the difference to a non-distributable reserve. The movement during the current financial year relates to the revised carrying value of the Erasmuskloof property. It is the difference between the originally capitalised cost and the value per documentation at the Deeds Office.

14. INTEREST-BEARING BORROWINGS

(in Rand)	2010	2009
Long-Term Loan	10,400,170	15,600,250
Less: Current Portion	(5,200,080)	(5,200,080)
	5,200,090	**10,400,170**

Terms and Repayment Schedule

This loan represents the long-term loan from Denel (Proprietary) Limited in accordance with the business transfer agreement between Denel and the company on incorporation.

This loan is secured by a mortgage bond over the Erasmuskloof property with a carrying amount of R37.9 million (2009: R38.9million) (Refer Note 4).

It bears interest at a fixed rate of 9% per annum up to 31 March 2010 whereafter the rate will change to the Government R186 Bond coupon rate. The loan is repayable in equal annual instalments effective 1 April 2002. The last instalment is payable on 31 March 2012.

(in Rand)	2010	2009
Payable within 1 Year	5,200,080	5,200,080
Payable between 1 & 5 Years	5,200,090	10,400,170
Total Borrowings	10,400,170	15,600,250
Less: Current Portion	(5,200,080)	(5,200,080)
	5,200,090	**10,400,170**

15. POST-RETIREMENT MEDICAL BENEFITS

(in Rand)	2010	2009
Present Value of Unfunded Obligations	84,010,040	78,264,000
Unrealised Actuarial Gains	26,824,699	24,117,973
	110,834,739	**102,381,973**

Movement in the Present Value of the Defined Contribution Liability

(in Rand)	2010	2009
Balance at Beginning of Year	102,381,973	93,213,025
Statement of Financial Performance Movement	8,452,766	9,168,948
Current Service Cost	3,097,977	3,045,095
Interest Cost	7,231,600	7,550,222
Contributions Paid	(234,515)	(201,195)
Realised Actuarial Gain	(1,642,296)	(1,225,174)
Balance at End of Year	**110,834,739**	**102,381,973**

Principal Actuarial Assumptions

(in Rand)	2010	2009
Long-term Discount Rate before Tax	8.0%	8.9%
Long-term Medical Inflation Rate	6.5%	7.4%
Normal Retirement Age	60 years	60 years

The company provides for post-retirement medical benefits to the following qualifying employees:

a) Ex-Infoplan employees who transferred to the company on 1 April 1999 and are still members of the U-Med medical aid fund.

b) Ex-SAPS employees who transferred to the company on 1 April 1999, and

c) Other former public sector employees who transferred to the company on or after 1 April 1999 and remain members of their respective medical aids.

The amounts due in respect of the company's liability regarding the post-retirement medical benefit has been determined by independent actuaries as at 31 March 2010 using the projected unit credit method.

Sensitivity Analysis

	LIABILITY R	CHANGE IN LIABILITY %
Increase of 1%	105,113,352	25.12%
Base Liability	84,010,040	0%
Decrease of 1%	68,287,499	-18.72%

15.1 EMPLOYEE BENEFITS

All permanent employees are members of the following independent funds:

Denel Retirement Fund

The Denel Retirement Fund is a defined contribution fund, managed by a Board of Trustees in terms of the Pension Funds Act of 1956 (Act No. 24 of 1956). The company has no financial liability in respect of this fund.

Government Employees Pension Fund

Retirement benefits are provided by membership of the Government Employees Pension Fund which is a defined benefit fund. The company's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees. The government of South Africa as the employer is responsible for any shortfall in this fund. This responsibility is governed by the

General Pensions Act No. 29 of 1979 and Government Employees Pension Law, Proclamation 21 of 1996.

SITA Pension Fund

The SITA Pension Fund, which is administered by Alexander Forbes, is a defined contribution fund. The company has no financial liability in respect of this fund.

Current Medical Benefits

The company contributes to three medical aid schemes for the benefit of permanent employees and their dependants. Contributions charged against income amounted to R68.2 million (2009: R60.9 million). The company's financial obligation is limited to the current company contributions.

16. TRADE AND OTHER PAYABLES

(in Rand)	2010	2009
Trade Payables	493,503,179	620,048,436
Leave Pay Accrual	69,759,210	58,023,708
Provision for 13th Cheque	5,488,566	5,359,690
FEC Liability	2,509,966	3,734,443
Non-Trade Payables	5,895,787	3,386,449
	577,156,708	**690,552,726**

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

17. PROVISIONS

(in Rand)	2010	2009
Balance at Beginning of Year	66,942,801	73,500,000
Additional Provision Raised during the Year	7,663,860	20,258,006
Utilised during the Year	(74,606,661)	(26,815,205)
Balance at End of Year	—	**66,942,801**

No provision for performance bonuses has been made during the 2009/10 financial year.

18. INCOME RECEIVED IN ADVANCE

(in Rand)	2010	2009
Unearned Revenue	67,851,026	86,744,017
Ring-Fenced Cash (Refer Note 8)	392,648,087	107,222,720
Deferred Income	—	66,071,771
	460,499,113	**260,038,508**

Ring-fenced cash represents monies received from customers to be utilised for specific projects in future periods.

Deferred income represents cash received as well as monies billed in advance for work in progress and will be recognised as revenue when it becomes receivable.

19. REVENUE

(in Rand)	2010	2009
Project Revenue	2,419,909,718	2,174,771,650
Agency Revenue	433,405,890	821,250,680
Infrastructure Revenue	1,088,457,132	937,548,212
	3,941,772,740	**3,933,570,542**

Refer to Note 27 for the breakdown of revenue earned from related parties.

20. COST OF SALES

(in Rand)	2010	2009
Direct Depreciation	115,897,242	118,846,646
Direct Amortisation	25,490,201	25,651,388
Direct Labour	1,333,222,197	1,088,320,235
Service Delivery Overheads	1,785,671,822	1,990,600,290
	3,260,281,462	**3,223,418,559**

21. OTHER INCOME

(in Rand)	2010	2009
Catering Surplus	155,496	2,927,874
Sundry Income	12,362,943	30,314,093
Govtech Surplus	15,837,875	17,666,459
	28,356,314	**50,908,426**

22. OPERATING EXPENSES

The following separately disclosable items are included in operating expenses:

(in Rand)	2010	2009
Auditor's Remuneration		
Audit Fees	**7,700,466**	**6,935,629**
Amortisation		
Total Amortisation	35,726,951	28,659,221
Included in Cost of Sales	(25,490,201)	(25,651,388)
Non-Recoverable Amortisation	**10,236,750**	**3,007,833**
Depreciation		
Total Depreciation	141,783,225	143,751,821
Included in Cost of Sales	(115,897,242)	(118,846,646)
Non-Recoverable Depreciation	**25,885,983**	**24,905,175**
Bad Debts Written Off	—	18,446,272
Govtech Expenses	**16,364,338**	**17,872,035**
Impairment Movement		
Property, Plant & Equipment	170,747	1,790,005
Trade & Other Receivables	9,600,990	12,439,579
	9,771,737	**14,229,584**
Loss on Disposal of Assets	**9,146,612**	**2,793,830**
Operating Lease Expense	**40,714,739**	**42,725,301**
Operating Lease Income	**6,778,685**	**5,911,356**
Research Costs	**7,604,661**	**3,876,561**
Staff Costs		
Total Staff Costs	1,709,645,728	1,432,386,714
Included in Cost of Sales	(1,333,222,197)	(1,088,320,235)
Non-Recoverable Staff Costs	**376,423,531**	**344,066,479**

Refer to Annexure A for Directors' remuneration.

23. FINANCE INCOME

(in Rand)	2010	2009
Fair Value Adjustment on Trade Receivables – SAICA Circular 9/2006	73,158,898	91,393,534
Interest on Cash Balances	56,385,495	86,107,766
	129,544,393	**177,501,300**

24. FINANCE EXPENSES

(in Rand)	2010	2009
Fair Value Adjustment on Trade Payables – SAICA Circular 9/2006	41,247,089	43,367,841
Foreign Exchange Loss	5,583,727	21,560,446
Interest Paid	10,906,379	8,755,974
	57,737,195	**73,684,261**

25. INCOME TAX EXPENSE

(in Rand)	2010	2009
CURRENT TAX EXPENSE		
Current Period	—	58,308,316
Adjustment for Prior Periods	—	13,573,348
	—	**71,881,664**
DEFERRED TAX EXPENSE		
Origination & Reversal of Temporary Differences	43,206,237	(10,115,971)
Calculated Tax Loss	(25,383,590)	—
Adjustment for Prior Periods	—	(16,243,942)
	17,822,647	**(26,359,913)**
Total Income Tax Expense	**17,822,647**	**45,521,751**
RECONCILIATION OF EFFECTIVE TAX RATE		
Surplus for the Period	31,739,566	110,506,931
Total Income Tax Expense	17,822,647	45,521,751
Surplus Excluding Income Tax	**49,562,213**	**156,028,682**

	2010		2009	
	%	R	%	R
Income Tax using the Company's Domestic Tax Rate	28.0%	13,877,420	28.0%	43,688,031
Under (Over) Provision in Prior Year	0.0%	—	-1.7%	(2,670,501)
Non-Deductible Expenses	8.0%	3,945,227	2.9%	4,504,221
Effective Income Tax	**36.0%**	**17,822,647**	**29.2%**	**45,521,751**

26. FINANCIAL INSTRUMENTS

a) Credit Risk

Credit risk is the risk of financial loss to the company when the customer or counter party to the financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company limits its counter party exposure arising from money market instruments by dealing only with well-established financial institutions of high credit standing. Exposure relating to trade and other receivables, which mainly consist of national, provincial and local government departments, is managed by entering into contractual agreements that indicate payment terms of the services rendered. These customers fall within the ambit of the Public Finance Management Act,1999 (Act No. 1 of 1999) and the Municipal Finance Management Act No.56 of 2003. These legislations prescribe that suppliers of products and services be paid within 30 days, or as stipulated by agreements entered into.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

		CARRYING AMOUNT	
(in Rand)	NOTE	2010	2009
Trade & Other Receivables	9	767,614,404	891,895,168
Cash & Cash Equivalents	8	1,085,151,461	984,717,470
		1,852,765,865	1,876,612,638
Forward Exchange Contracts		79,119,883	93,900,576

The maximum exposure to credit risk for trade receivables at the reporting date by major customer cluster was:

		CARRYING AMOUNT	
(in Rand)	NOTE	2010	2009
Crime & Prevention Cluster		197,006,597	252,980,761
Economic & Investment Cluster		44,861,586	21,700,930
Government, Administration & International Cluster		69,252,123	90,917,007
Social Cluster		104,797,375	69,086,500
Provincial & Local Departments		340,637,504	436,532,397
		756,555,185	**871,217,595**

Impairment Losses

The aging of trade receivables net of the impairment loss at the reporting date was:

(in Rand)	NOTE	CARRYING AMOUNT 2010	2009
Not Past Due		434,436,210	583,370,010
Past Due 0 – 30 Days		118,267,092	196,992,049
Past Due 31 – 120 Days		108,587,848	60,618,790
Past Due 121 – 365 Days		95,264,035	(17,764,893)
Past Due – More Than 1 Year		—	48,001,639
		756,555,185	**871,217,595**

The due date of invoices is determined as being 30 days after the invoice date.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(in Rand)	2010	2009
Balance at Beginning of Year	69,875,647	57,436,068
Impairment Loss Recognised	9,600,990	12,439,579
Balance at End of Year	**79,476,637**	**69,875,647**

The impairment loss is based on specifically identified invoices that are considered doubtful based on information in the company's possession. Each invoice is analysed individually and a decision to impair is made.

b) Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. This risk is managed by maintaining adequate cash reserves by continuously monitoring cash flow forecasts, actual cash flows and the maturity profile of financial assets and liabilities.

Cash flow forecasts are done on a weekly and monthly basis. They are tightly managed in order to accurately predict daily funding needs. Favourable interest rates on the current, call and investment accounts are negotiated with the banks.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

(in Rand)	CARRYING AMOUNTS	CONTRACTUAL CASH FLOW	6 MONTHS OR LESS	6 –12 MONTHS	1 – 2 YEARS
AT 31 MARCH 2010					
Trade & Other Payables	574,646,742	574,646,742	574,646,742	—	—
Other Forward Exchange Contracts:					
– Outflows	2,509,966	2,509,966	2,509,966	—	—
– Inflows	—	—	—	—	—
	577,156,708	577,156,708	577,156,708	—	—
AT 31 MARCH 2009					
Trade & Other Payables	686,818,283	686,818,283	686,818,283	—	—
Other Forward Exchange Contracts:					
– Outflows	3,734,443	3,734,443	3,734,443	—	—
– Inflows	—	—	—	—	—
	690,552,726	690,552,726	690,552,726	—	—

c) Currency Risk

Currency risk arises from exposure to foreign currencies when the value of the Rand changes in relation to these currencies. Hedging instruments are utilised to hedge foreign currency exposures against exchange rate fluctuations. Where such instruments are not utilised, suppliers are required to take cover on import transactions. The company primarily transacts in US dollar when dealing with foreign transactions. All foreign exchange balances have been covered at reporting date.

The company's exposure to foreign currency risk was as follows based on notional amounts:

	US$	
	2010	2009
Trade Payables (Uncovered Portion)	—	871,152
Forward Exchange Contracts	10,660,634	9,748,352
Net Exposure	10,660,634	10,619,504

The following significant exchange rates were applied during the year:

	AVERAGE RATE		REPORTING SPOT RATE	
	2010	2009	2010	2009
US$ 1	7.802	8.824	7.335	9.600

Sensitivity Analysis

The company's business policies require that all losses incurred should be recovered from the clients. Therefore, a sensitivity analysis regarding currency risk is not provided.

d) Interest Rate Risk

At the reporting date the interest rate profile of the company's interest-bearing financial instrument was:

	CARRYING AMOUNT	
(in Rand)	2010	2009
Fixed Interest Rate		
Financial Liability	10,400,170	15,600,250

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The company does not account for any fixed rate financial liabilities at fair value through surplus and deficit, and the company does not designate derivatives (interest-rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rate at reporting date would not affect surplus or deficit.

e) Fair Values of Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	2010		2009	
(in Rand)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS				
Trade & Other Receivables	767,614,404	767,614,404	891,895,168	891,895,168
Cash & Cash Equivalents	1,085,151,461	1,085,151,461	984,717,470	984,717,470
	1,852,765,865	1,852,765,865	1,876,612,638	1,876,612,638
FINANCIAL LIABILITIES				
Trade & Other Payables	574,646,742	574,646,742	686,818,283	686,818,283
Loans Payable	10,400,170	10,400,170	15,600,250	15,600,250
Other Forward Exchange Contracts	2,509,966	2,509,966	3,734,443	3,734,443
	587,556,878	587,556,878	706,152,976	706,152,976

27. RELATED PARTIES

Transactions with National Departments

The company is 100% owned by the government of South Africa represented by the Minister of Public Service and Administration.

The company is a schedule 3A National Public Entity in terms of the Public Finance Management Act,1999 (Act No.1 of 1999). The related party disclosures are in terms of the requirements of IPSAS 20 (Related Party Disclosures) and the specific guidance given by the South African Institute of Chartered Accountants.

Related parties of the company consist of government departments, state-owned enterprises and other public entities in the national sphere of government and key Management personnel of the company and close family members of related parties. All transactions entered into with related parties are at arm's length.

REVENUE FOR THE YEAR

(in Rand)	2010	2009
Crime & Prevention Cluster	2,064,082,575	2,008,934,029
Economic & Investment Cluster	267,811,461	255,639,837
Government, Administration & International Cluster	189,804,825	170,780,274
Social Cluster	343,528,531	448,412,141
Local & Provincial	4,328,247	361,098
Revenue from Related Parties	2,869,555,639	2,884,127,379
Revenue from Other Parties	1,072,217,101	1,049,443,163
Revenue per Statement of Financial Performance	**3,941,772,740**	**3,933,570,542**

AMOUNTS OWED AT YEAR-END

(in Rand)	2010	2009
Crime & Prevention Cluster	197,006,597	252,980,761
Economic & Investment Cluster	44,861,586	21,700,930
Government, Administration & International Cluster	69,252,123	90,917,007
Social Cluster	104,797,375	69,086,500
Other Related Parties	135,090	190,743
Total Related Parties	416,052,771	434,875,941
Balance of Trade Receivables	340,502,414	436,341,654
Trade Receivables	**756,555,185**	**871,217,595**

AMOUNTS RECEIVED IN ADVANCE AT YEAR-END

(in Rand)	2010	2009
Crime & Prevention Cluster	326,705,105	101,180,591
Economic & Investment Cluster	51,550,064	45,299,459
Government, Administration & International Cluster	14,123,845	15,710,326
Social Cluster	6,561,098	772,145
Other Related Parties	736,335	10,296
Total Related Parties	399,676,447	162,972,817
Balance of Income Received in Advance	60,822,666	97,065,691
Income Received in Advance per Statement of Financial Position	**460,499,113**	**260,038,508**

Transactions with Key Management Personnel

The key Management personnel are Directors and Executive Managers of the company for the year ended 31 March 2010.

Transactions with key Management personnel are disclosed in Annexure A.

28. OPERATING LEASES

Operating Lease Expense

The company entered into non-cancellable operating lease agreements for the occupation of certain premises and for the use of computer equipment. At the reporting date, the future minimum lease payments under these lease agreements were as follows:

(in Rand)	2010	2009
Less than 1 Year	31,753,639	36,922,864
Between 1 & 5 Years	48,918,974	70,050,109
More than 5 Years	—	64,647
	80,672,613	**107,037,620**

Operating Lease Income

The company entered into non-cancellable operating lease agreements with tenants. At reporting date, the future minimum lease payments receivable under these lease agreements were as follows:

(in Rand)	2010	2009
Less than 1 Year	5,256,867	4,367,914
Between 1 & 5 Years	201,653	471,395
More than 5 Years	37,810	88,223
	5,496,330	**4,927,532**

29. CONTINGENT LIABILITIES

A claim of R149 million has been instituted against the company and two national government departments. This matter arose out of a tender. Based on legal advice, the outcome of this claim cannot be determined with reasonable certainty. However, the matter is currently being handled by the State Attorney.

There are various other claims against SITA estimated at R22,794,514. Based on legal advice, the probability is not determinable as the ruling could go either way. The related estimated costs with regard to these claims approximate to R795,000.

A former employee has instituted a defamation claim against SITA amounting to R1 million. The estimated legal costs relating to this claim is approximately R80,000.

30. STANDARDS ISSUED, BUT NOT YET EFFECTIVE

At the date of approval of these Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

STANDARD / INTERPRETATION		APPLICABLE TO SITA
GRAP 18	Segment Reporting	N/A
GRAP 21	Impairment of Non-Cash-Generating Assets	N/A
GRAP 23	Revenue from Non-Exchange Transactions (Taxes & Transfers)	N/A
GRAP 24	Presentation of Budget Information in Financial Statements	YES
GRAP 25	Employee Benefits	YES
GRAP 26	Impairment of Cash-Generating Assets	YES
GRAP 103	Heritage Assets	N/A
GRAP 104	Financial Instruments	YES
IPSAS 22	Disclosure of Financial Information	N/A
IPSAS 23	Revenue from Non-Exchange Transactions	N/A
IPSAS 24	Presentation of Budget Information in the Financial Statements	YES
IFRS 2	Group & Treasury Share Transactions	N/A
IFRS 4	Insurance Contracts	N/A
IFRS 7 (AC 144)	Financial Instruments: Disclosures & the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures	N/A
IFRS 8	Operating Segments	N/A
AC 503	Accounting for Black Economic Empowerment Transactions	N/A
IAS 1 (AC 101)	Presentation of Financial Statements	YES
IAS 23 (AC114)	Borrowing Costs	YES
IAS 32 (AC 125) & IAS 1 (AC 101)	Financial Instruments: Presentation & Presentation of Financial Statements: Puttable Financial Instruments & Obligations arising on Liquidation	N/A
IFRIC 8 (AC 441)	Scope of IFRS 2 Share Based Payment	N/A
IFRIC 9 (AC 442)	Reassessment of Embedded Derivatives	N/A
IFRIC 10 (AC 443)	Interim Financial Reporting & Impairment	N/A
IFRIC 11 (AC 444)	IFRS 2 Group & Treasury Share Transactions	N/A
IFRIC 12 (AC 445)	Service Concession Agreements	N/A
IFRIC 13 (AC 446)	Customer Loyalty Programmes	N/A
IFRIC 14 (AC 447)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements & their Interaction	N/A

31 IRREGULAR EXPENDITURE

(in Rand)	2010	2009
Opening Balance	19,022,955	10,401,243
Add: Irregular Expenditure – Current Year	214,906,769	19,327,164
Less : Amounts Condoned	—	(10,705,452)
Less: Amounts Not Recoverable (Not Condoned)	—	—
Total Irregular Expenditure	**233,929,724**	**19,022,955**

Analysis of Expenditure Awaiting Condonation Per Age Classification

Current Year	214,906,769	19,022,955
Prior Years	19,022,955	—
Total	**233,929,724**	**19,022,955**

31.1 Details of Irregular Expenditure for Current Year

SITA's disciplinary steps include an internal investigation to determine the appropriate management action and where warranted, disciplinarily action is instituted.

2010 INCIDENTS	DISCIPLINARY STEPS TAKEN	FINANCIAL LOSS TO THE COMPANY	AMOUNT
1. The Recommendation Committee exceeded its mandate when awarding a bid exceeding R30m without ratification by the Accounting Authority. Furthermore, an Addendum was added to the master agreement without approval by the Accounting Authority.	An internal audit investigation to determine the appropriate management action was conducted. No disciplinary action was initiated as the employee concerned resigned prior to the matter being detected.	Nil	21,089,644
2. Senior officials failed to extend a contract in time with service providers to render services to a client resulting in irregular expenditure for a period of six (6) months.	An internal investigation is being conducted to clarify the time involved in finalising the contract to determine the necessary management action to be instituted against SITA employees responsible for the negligence.	Nil	15,627,635
3. Senior officials failed to extend the contract with service providers to render services to a client resulting in irregular expenditure for a period of twenty-nine (29) months.	An internal investigation is being conducted to clarify the time involved in finalising the contract to determine the necessary management action to be instituted against SITA employees responsible for the negligence.	Nil	6,355,087
4. Senior officials failed to extend the contract with a service provider for the maintenance of a client's system resulting in irregular expenditure for a period of two (2) months.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	2,749,123
5. Senior officials failed to extend the contract with a service provider for the support of the client's system.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	2,400,000
6. Senior officials failed to extend the contract between SITA and the service provider for the support of software resulting in irregular expenditure for a period of three (3) months.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	1,980,000
7. A senior official failed to renew a contract for the provision of spatial data, skills and services for a client.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	1,911,320
8. Senior officials failed to adhere to SITA's Procurement Regulations, Policies and Procedures (SOPP) in the procurement processes followed in relation to a Request for Quotation (RFQ).	The official involved in the financial misconduct was subjected to a disciplinary action, which was concluded with a final written warning being issued against the official.	Nil	1,477,869
9. Irregular expenditure was incurred when products were added to an existing contract with a supplier without the necessary authorisation.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	851,929
10. Irregular expenditure was incurred when additional change management services were added within IT projects (extension of the scope) for a client without the necessary authorisation.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	526,425
11. Senior officials failed to renew the lease agreement for offices resulting in irregular expenditure for a period of three months prior to renewal of the lease agreement.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	462,870
12. Senior officials failed to adhere to SITA's Procurement Pegulations, Policies and Procedures (SOPP) when procuring services for the execution of ERP architecture review recommendations, cross-module integration and customisations as well as change management.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	418,847
13. Senior officials failed to extend the contract for cleaning services at offices resulting in irregular expenditure for a period of two (2) months.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	410,400
14. Senior officials failed to renew the lease agreement for an office building resulting in irregular expenditure for a period of four months prior to the conclusion of the rental agreement.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	290,440
15. Senior officials failed to extend the maintenance agreement for data centres.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	240,697
16. Senior officials failed to renew the contract for LAN connect services.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	202,680
17. Senior officials failed to extend the maintenance contract for multiplexors.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	70,163
18. Senior officials failed to comply with procurement processes when procuring professional services and stress testing for a call centre.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	34,250
19. Irregular expenditure was incurred for a period of two months in respect of office cleaning services.	An internal audit investigation found negligence on the part of an official. Disciplinary action could not be instituted against the official as the official left the employ of the company.	Nil	13,658

2010 INCIDENTS	DISCIPLINARY STEPS TAKEN	FINANCIAL LOSS TO THE COMPANY	AMOUNT
20. Irregular expenditure was incurred relating to installation and commissioning of a recorder for a call centre.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	13,310
21. Senior officials failed to extend a contract for satellite safe services resulting in irregular expenditure for a period of two months.	An internal investigation to determine the appropriate management action will be undertaken.	Nil	8,930
22. An order was placed on a contract that already expired.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	34,056
23. A sole supplier was engaged without the necessary approval.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	9,274
24. Professional and special services were procured without following the procurement process.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	64,259
25. Professional and special services were procured without following the procurement process.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	142,963
26. Professional and special services were procured without following the procurement process.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	76,445
27. A supplier was engaged on the basis of a contract that expired.	An internal investigation to determine the appropriate management action will be undertaken.	Undetermined	25,380,344
28. Senior official exceeded his delegation of authority by unilaterally entering into an agreement with a supplier without Board approval. The agreement provided for an advance payment, thereby creating an undue financial obligation for SITA.	An internal investigation to determine the appropriate management action is in progress.	Undetermined	1,764,000
29. SITA procurement policies (SPPP and SOPP) were contravened when a senior official signed a contract for the purchase of software for SITA and clients without Board approval.	Disciplinary action has been initiated against the responsible official who has subsequently been suspended.	Undetermined	130,300,151
			214,906,769

31.2 Fruitless and Wasteful Expenditure

(in Rand)	2010	2009
Opening Balance	2,005,662	—
Add: Fruitless & Wasteful Expenditure – Current Year	684,011	2,005,662
Less: Amounts Condoned	—	—
Less: Amounts Not Recoverable (Not Condoned)	—	—
Fruitless & Wasteful Expenditure Awaiting Condonation	**2,689,673**	**2,005,662**
Analysis of Expenditure Awaiting Condonation Per Age Classification		
Current Year	684,011	2,005,662
Prior Years	2,005,662	—
Total	**2,689,673**	**2,005,662**

The fruitless and wasteful expenditure resulted from failure to claim VAT input of R466,480 and interest of R217,531 levied by a supplier on late payment.

32. CASH FLOW NOTES

32.1 Normal Tax Paid

(in Rand)	2010	2009
Opening Balance	(7,150,939)	74,240,626
Current Year Normal Tax Charge	—	71,881,665
Closing Balance	96,321,270	7,150,939
	89,170,331	**153,273,230**

32.2 Reconciliation of Net Cash Flows from Operating Activities

(in Rand)	2010	2009
NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus Before Taxation	49,562,213	156,028,682
ADJUSTMENTS FOR NON-CASH FLOW ITEMS:		
– Depreciation / Amortisation	177,510,176	172,411,042
– Impairment	170,747	1,790,005
– Increase in Provision for Impairment	9,600,990	12,439,579
– Loss on Disposal or Scrapping of Property, Plant & Equipment	9,146,612	2,793,830
– Increase in Provision for Post-Retirement Medical Benefits	8,452,766	9,168,948
– Other Non-Cash Flow Items	(17,386)	(387,692)
– Finance Costs Paid	41,247,089	43,367,841
– Finance Income Received	(73,158,898)	(91,393,534)
– (Decrease) in Provisions	(66,942,801)	(6,557,199)
Operating Profit Before Working Capital Changes	**155,571,508**	**299,661,502**
WORKING CAPITAL CHANGES		
Decrease / (Increase) in Trade & Other Receivables	114,679,774	(102,708,544)
(Increase) in Prepayments Made	(60,332,381)	(18,588,542)
(Increase) in Work in Progress	(48,049,391)	(3,732,208)
(Decrease) / Increase in Trade & Other Payables	(113,396,018)	64,887,936
Increase / (Decrease) in Income Received in Advance	200,460,605	(47,147,047)
Cash Generated from Operations	**248,934,097**	**192,373,097**
Normal Taxation	(89,170,331)	(153,273,230)
Finance Costs Paid	(41,247,089)	(43,367,841)
Finance Income Received	73,158,898	91,393,534
	191,675,575	**87,125,560**

33. RECONCILIATION OF BUDGET SURPLUS / DEFICIT WITH THE SURPLUS / DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE

(in Rand)	2010	2009
Net Surplus per the Statement of Financial Performance	31,739,569	110,506,931
Adjusted For:		
– Fair Value Adjustments	116,915,954	138,495,818
– Impairments Recognised / Reversed	79,647,383	71,665,652
– (Deficit) on the Sale of Assets	(9,146,612)	(2,793,830)
– Increases / Decreases in Provisions	(97,814,292)	(217,114,571)
– Leave Pay Provision	11,735,502	10,118,643
– Performance Bonus Provision	(66,942,801)	(6,557,199)
– Other	(42,606,993)	(220,676,015)
Net Surplus / Deficit per Approved Budget	**121,342,000**	**100,760,000**

34. RESTATEMENT OF COMPARATIVE INFORMATION

The following comparatives have been restated in 2009/2010 to ensure better disclosure:

	AS PREVIOUSLY STATED	CURRENTLY STATED
TRADE & OTHER RECEIVABLES		
Trade Receivables	888,160,725	891,895,168
FEC Liability	—	(3,734,443)
	888,160,725	**888,160,725**
TRADE & OTHER PAYABLES		
Trade Payables	669,877,775	673,612,218
FEC Liability	—	(3,734,443)
	669,877,775	**669,877,775**

The following comparatives have been restated in 2009/2010 as a result of prior period errors that have been identified (Refer to Note 35):

	AS PREVIOUSLY STATED	CURRENTLY STATED
Trade & Other Payables	673,612,218	690,552,726
Prior Period Error	—	(16,940,508)
	673,612,218	**673,612,218**
Accumulated Surplus	894,334,379	851,135,481
Prior Period Error	—	60,029,015
Tax Effect	—	(16,830,117)
	894,334,379	**894,334,379**
Income Received in Advance	216,950,001	260,038,508
Prior Period Error	—	(43,088,507)
	216,950,001	**216,950,001**
Revenue	3,976,659,049	3,933,570,542
Prior Period Error	—	43,088,507
	3,976,659,049	**3,976,659,049**
Cost of Sales	3,206,478,051	3,223,418,559
Prior Period Error	—	(16,940,508)
	3,206,478,051	**3,206,478,051**
Tax Receivable	(9,679,178)	7,150,939
Prior Period Error	—	(16,830,117)
	(9,679,178)	**(9,679,178)**
Income Tax Expense	62,351,868	45,521,751
Prior Period Error	—	16,830,117
	62,351,868	**62,351,868**

35. PRIOR PERIOD ERROR

During the year under review it came to the attention of Management that revenue was incorrectly accounted for in the prior year. The incorrect accounting treatment has subsequently been adjusted in the accounting records of the company. The effect of this correction is as follows:

	2010	2009
Reduction in Opening Accumulated Surpluses[1]	—	43,088,507
Tax Effect	—	(12,117,684)
	—	**30,970,823**
Statement of Financial Position Effect		
Adjustment Made to Income Received in Advance	—	43,088,507
Adjustment Made to Tax Receivable	—	12,117,684
Statement of Financial Performance Effect		
Adjustment to Revenue	—	(43,088,507)
Adjustment to Income Tax Expense	—	(12,117,684)
	—	—

1. As a result of the applied correction.

During the year under review it came to the attention of Management that expenses which were incurred were not recognised in the accounting records. The incorrect accounting treatment has subsequently been adjusted in the accounting records of the company. The effect of this correction is as follows:

	2010	2009
Reduction in Opening Accumulated Surpluses[1]	—	16,940,508
Tax Effect	—	(4,712,432)
	—	**12,228,076**
The Statement of Financial Position Effect		
Adjustment Made to Trade & Other Payables	—	16,940,508
Adjustment Made to Tax Receivable	—	4,712,432
The Statement of Financial Performance Effect		
Adjustment to Cost of Sales	—	(16,940,508)
Adjustment to Income Tax Expense	—	(4,712,432)
	—	—

1. As a result of the applied correction.

DIRECTORS' EMOLUMENTS

(In Rand at 31 March 2010)

POSITION	DURATION (MONTHS ENDING)		FEES AS DIRECTOR	ACTING ALLOWANCE	BASIC SALARY	ANNUAL PAYMENT[1]	TRAVEL ALLOWANCES	PETROL CARD	COMPANY CONTRIBUTIONS[2]	COMMISSIONS OR PROFIT SHARING	SHARE OPTIONS	OTHER PERFORMANCE BONUS	TOTAL
NON-EXECUTIVE DIRECTORS													
Chairperson													
Ms Z P Manase	12	31-Mar-10	1,067,362	—	—	—	249	—	—	—	—	—	1,067,611
Deputy Chairperson													
Ms F C Potgieter-Gqubulé	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
BOARD MEMBERS													
Ms S V Bvuma	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Ms C B Clark	12	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Mr P R Kgame	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Mr C C W Kruger	12	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Mr A M Luthuli	12	31-Mar-10	160,830	—	—	—	—	—	—	—	—	—	160,830
Mr W S Mabena	1	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Ms M Makhekhe-Mokhuane	12	31-Mar-10	—	—	—	—	24,960	—	—	—	—	—	24,960
Ms B M Malongete	1	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Ms K Mdlulwa	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Ms N M Mhlakaza	1	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Ms T Moloko	1	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Prof M I Mphahlele	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Ms K R Mthimunye	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Mr D C Niddrie	1	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Ms N Ntsinde	1	31-Mar-10	6,000	—	—	—	—	—	—	—	—	—	6,000
Ms R Sekese	12	31-Mar-10	—	—	—	—	—	—	—	—	—	—	—
Ms M O Williams	6	30-Sep-09	—	—	—	—	—	—	—	—	—	—	—
			1,270,192	**—**	**—**	**—**	**25,209**	**—**	**—**	**—**	**—**	**—**	**1,295,401**

1. The annual salary includes a 13th cheque and leave.
2. Company contributions to pension, medical or insurance funds.

State employees that serve on the Board of Directors do not receive compensation from the company.

POSITION	DURATION (MONTHS	ENDING)	FEES AS DIRECTOR	ACTING ALLOWANCE	BASIC SALARY	ANNUAL PAYMENT[1]	TRAVEL ALLOWANCES	PETROL CARD	COMPANY CONTRIBUTIONS[2]	COMMISSIONS OR PROFIT SHARING	SHARE OPTIONS	OTHER PERFORMANCE BONUS	TOTAL
EXECUTIVE COMMITTEE MEMBERS													
Acting CEO													
Mrs F Pienaar	5	31-Aug-09	—	22,750	497,298	156,852	25,000	—	23,203	—	—	438,223	1,163,326
Mr E Khan (CEO Team)	12	31-Mar-10	—	62,242	797,045	20,000	192,000	—	65,103	—	—	375,307	1,511,697
Mr M Mtimunye (CEO Team)	12	31-Mar-10	—	73,634	1,059,600	24,242	107,676	—	1,512	—	—	445,939	1,712,603
Ms E R Magoma-Nthite (CEO Team)	12	31-Mar-10	—	63,589	971,626	26,925	70,951	—	2,622	—	—	389,491	1,525,204
MEMBERS													
Mr B E Ramfolo (Acting)	6	31-Mar-10	—	—	660,000	—	—	—	—	—	—	—	660,000
Mr A Pedlar	7	31-Oct-09	—	—	846,288	288,614	70,462	—	59,007	—	—	588,903	1,853,274
Mr A Pama (Acting)	12	31-Mar-10	—	41,357	968,344	—	96,000	—	1,293	—	—	212,648	1,319,642
Mr A Pretorius (Acting)	12	31-Mar-10	—	119,960	899,749	—	24,000	—	54,630	—	—	192,112	1,290,451
COMPANY SECRETARY													
Ms E Strydom	10	31-Jan-10	—	—	628,175	29,303	17,500	—	—	—	—	167,980	842,958
			—	**383,532**	**7,328,125**	**545,936**	**603,589**	**—**	**207,370**	**—**	**—**	**2,810,603**	**11,879,155**

1. The annual salary includes a 13th cheque and leave.
2. Company contributions to pension, medical or insurance funds.

DIRECTORS' EMOLUMENTS

(In Rand as at 31 March 2009)

POSITION	DURATION	(MONTHS ENDING)	FEES AS DIRECTOR	ACTING ALLOWANCE	BASIC SALARY	ANNUAL PAYMENT[1]	TRAVEL ALLOWANCES	PETROL CARD	COMPANY CONTRIBUTIONS[2]	COMMISSIONS OR PROFIT SHARING	SHARE OPTIONS	OTHER PERFORMANCE BONUS	TOTAL
CURRENT BOARD MEMBERS													
Chairperson													
Ms T P C Chikane	4	03-Aug-08	223,455	—	—	—	—	—	—	—	—	—	223,455
Ms Z P Manase	8	31-Mar-09	164,418	—	—	—	33,836	—	—	—	—	—	198,254
Ms Z P Manase	4	03-Aug-08	450,407	—	—	—		—	—	—	—	—	450,407
BOARD MEMBERS													
Ms C B Clark	10	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
Mr C C W Kruger	12	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
Mr A M Luthuli	10	31-Mar-09	134,288	—	—	—	—	—	—	—	—	—	139,288
Ms M Makhekhe-Mokhuane	10	31-Mar-09	—	—	—	—	30,510	—	—	—	—	—	30,510
Ms N Molope	8	31-Jan-09	—	—	—	—		—	—	—	—	—	—
Mr G Rothschild	8	31-Jan-09	91,944	—	—	—	1,078	—	—	—	—	—	93,022
Ms R Sekese	12	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
Ms A van der Merwe	8	31-Jan-09	97,944	—	—	—	—	—	—	—	—	—	97,944
Ms M O Williams	12	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
Ms N Devcharran	10	31-Jan-09	250,374	—	—	—	30,910	—	—	—	—	—	281,284
Prof T Marwala	4	03-Aug-08	112,030	—	—	—	2,336	—	—	—	—	—	114,366
			1,529,860	**—**	**—**	**—**	**98,670**	**—**	**—**	**—**	**—**	**—**	**1,628,530**
EXECUTIVE COMMITTEE MEMBERS													
Mr L Jones (Ex – CEO)	4	31-Jul-08	—	—	656,000	594,001	—	—	—	—	—	—	1,250,001
Acting CEO													
Mrs F Pienaar	8	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
MEMBERS													
Mrs F Pienaar	12	31-Mar-09	—	53,083	1,077,174	30,000	60,000	—	132,826	—	—	—	1,353,083
Ms E R Magoma-Nthite	12	31-Mar-09	—	—	848,286	26,925	70,951	—	153,838	—	—	—	1,100,000
Mr E Khan	12	31-Mar-09	—	—	715,184	20,000	192,000	—	172,816	—	—	—	1,100,000
Mr A Pedlar	12	31-Mar-09	—	—	1,304,859	132,692	120,794	—	166,656	—	—	—	1,725,001
Mr M M Mtimunye	12	31-Mar-09	—	—	931,364	20,020	107,676	—	261,776	—	—	—	1,320,836
Mr A Pretorius (Acting)	12	31-Mar-09	—	—	—	—	—	—	—	—	—	—	—
			—	**53,083**	**5,532,867**	**823,638**	**551,421**	**—**	**887,912**	**—**	**—**	**—**	**7,848,921**

1. The annual salary includes a 13th cheque and leave.
2. Company contributions to pension, medical or insurance funds.

SCHEDULES

Eleventh Annual General Meeting	02 September 2010
Submission of Financial Statements and Annual Report to the Minister of Public Service and Administration	31 August 2010
Submission of Annual Report to Parliament	September 2010
End of New Financial Year	31 March 2011

ANNUAL BUDGET 2010/11

Approval by the Board of Directors	February 2011
Submission to DPSA	March 2011
Submission to National Treasury	March 2011

STRATEGIC PLAN 2010/11 TO 2012/13

Approval by the Board of Directors	September 2010 & March 2011
Submission to DPSA	March 2011
Submission to National Treasury	March 2011

QUARTERLY REPORTS

Submission to DPSA	On a quarterly basis
Submission to DPSA	August 2010

DIRECTORATE 1 APRIL 2009 TO 31 MARCH 2010

NAME & POSITION	TERM & CONTACT DETAILS
FULL BOARD MEMBERS	
Ms Z P Manase	Appointed as Chairperson with effect from 7 August 2008
Ms F C Potgieter-Gqubulé	Appointed on 17 March 2010
Ms S V Bvuma	Appointed on 17 March 2010
Ms C B Clark	Appointed on 19 May 2008 (Resigned on 30 April 2010)
Mr P R Kgame	Appointed on 17 March 2010
Mr C C W Kruger	Re-appointed on 1 September 2008
Mr A M Luthuli	Appointed on 19 May 2008
Ms M Makhekhe-Mokhuane	Appointed on 19 May 2008 (Resigned on 30 April 2010)
Ms K Mdlulwa	Appointed on 17 March 2010
Prof M I Mphahlele	Appointed on 17 March 2010
Ms R Sekese	Appointed on 15 October 2007
Ms M O Williams	Resigned on 30 September 2009
ALTERNATE BOARD MEMBERS	
Mr W S Mabena	Appointed on 17 March 2010
Ms B M Malongete	Appointed on 17 March 2010
Ms N M Mhlakaza	Appointed on 17 March 2010
Ms T Moloko	Appointed on 17 March 2010
Mr D C Niddrie	Appointed on 17 March 2010
COMPANY SECRETARY	
Mr E H Odendaal	Appointed as Acting Company Secretary on 1 February 2010
Telephone	+27 12 482-2923
E-mail	ernst.odendaal@sita.co.za
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AUDITORS	
Auditor-General	271 Veale Street (New Building), New Muckleneuk, Pretoria
BANKERS	
Banking Institute	Standard Bank of South Africa Limited

CONTACT DETAILS OF EXECUTIVE COMMITTEE:

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Acting Chief Executive Officer	Ms N Ntsinde	helen.hammond@sita.co.za	+27 12 482-2717
Acting Chief Audit Executive	Mr A R Alli	razak.alli@sita.co.za	+27 12 482-2466
Chief Information Officer	Mr E Khan	eghshaan.khan@sita.co.za	+27 12 482-2674
Acting Chief Shared Services	Mr M V Tisani	makhosi.tisani@sita.co.za	+27 12 482-2353
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ISBN 978-0-620-48706-2
RP248/2010