



SOUTH AFRICAN
NURSING COUNCIL

ANNUAL **REPORT**
2011

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Administration and Corporate Information

Registered office

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0083

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0001

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Legal form of the South African Nursing Council

The South African Nursing Council, established by Section 2 of the Nursing Act (Act No. 50 of 1978), continues to exist as a juristic person, notwithstanding the repeal of that Act by Act No. 33 of 2005.

Description of the nature of the South African Nursing Council's operations and its principal activities

In accordance with the Nursing Act (Act No. 33 of 2005), the following are the main objects of the Nursing Council:

- ▶ Serving and protecting the public in matters involving health services in general and nursing services in particular
- ▶ Performing functions in the best interest of the public and in accordance with national health policy as determined by the Minister
- ▶ Promoting the provision of nursing services to the inhabitants of the Republic that complies with universal norms and values
- ▶ Establishing, improving, controlling conditions, standards and quality of nursing education and training within the ambit of the Nursing Act and any other applicable laws
- ▶ Maintaining professional conduct and practice standards for practitioners within the ambit of applicable laws
- ▶ Promoting and maintaining liaison and communication with all stakeholders regarding nursing standards, in particular standards of nursing education and training, as well as professional conduct and practice, both in and outside the Republic
- ▶ Advising the Minister on the amendments or adaptation of the Nursing Act regarding matters pertaining to nursing
- ▶ Being transparent and accountable to the public in achieving its objectives and performing its functions
- ▶ Upholding and maintaining professional and ethical standards within nursing;
- ▶ Promoting the strategic objectives of the Nursing Council.

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Name of the controlling executive authority

National Department of Health

External auditors

KPMG

Attorneys

Rooth and Wessels Attorneys

Bankers

First National Bank of South Africa

Absa Bank of South Africa

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Vision

“To regulate the nursing and midwifery professions to ensure safe and quality practice”

Mission Statement

- ▶ Protect the public by setting education, practice and research standards
- ▶ Collaborate with relevant partners for holistic healthcare
- ▶ Monitor nursing and midwifery practice based on set criteria
- ▶ Formulate and ensure the implementation of nursing and midwifery legislation and policies in response to societal needs

The Council will be guided by the following values:

- ▶ Advocacy
- ▶ Caring
- ▶ Quality
- ▶ Professionalism
- ▶ Innovation
- ▶ Relevance

Foreword by the Chairperson

The year 2010 marks a midterm for the current Council. We started 2010 noting with enthusiasm the developments in the higher education landscape. During the year under review, the Council focused its efforts on developing regulations that were required to give effect to the prescripts of the Nursing Act 2005 (Act No. 33 of 2005), with the intention of aligning the regulation of the profession with a dynamic healthcare landscape by ensuring that necessary adjustments are made in aligning the profession to the changing nursing landscape while on the other hand strengthening governance.

Noting the importance of nursing practice, the Council has established a Nursing Practice Division during the year under review. This Division will, amongst others, deal with matters such as the establishment and implementation of Continuing Professional Development (CPD) for nurses, regulating private practice in the nursing sector, establishing a health facilities inspection system and facilitating the issuing of special licenses in line with the provisions of the Act.

To address a long-standing need for a scope of practice in advanced nursing practice, the Council, in collaboration with nursing experts in various nursing specialisations, has embarked on a process of developing the competencies for the nurse specialist. This will assist in clarifying the standing of a nurse practicing at a level beyond a practitioner. In line with the changing landscape in general education, which affected nursing education, the Council adopted a Nursing Qualifications Framework in May 2010, which was accepted by its stakeholders and was used in aligning nursing qualifications to the new Higher Education Qualifications Framework for submission to the South African Qualifications Authority, towards registration on the National Qualifications Framework.

Throughout the year the Council continued to seek opportunities to help fulfil its vision of regulating the nursing and midwifery professions to ensure safe and quality practice. The Council has participated and collaborated with other professional bodies, both nationally and internationally. In building regional networks, the Council hosted a delegation from the Botswana Nursing Council and continues to collaborate with other statutory councils in the region.

The Council remains committed to serve and protect the public in matters involving health services in general and nursing services in particular.

Yours sincerely

NJ Makhanya
Chairperson
South African Nursing Council

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Message by the Registrar

During the year under review road shows were held during which I had the opportunity to interact with the nurses of this country on provincial level, which included, amongst others, nurses involved in production, management, education and policymaking, engaging them in matters of nursing regulations, nursing education, nursing practice, ethics and values of the profession. These provincial road shows have been an overwhelming and awesome experience for me as the new Registrar of the Council and for the nursing community who, for a long time, has been looking forward to a face-to-face opportunity to engage with Administration on matters that affect service delivery and developments in nursing regulation, education and practice. These road shows have opened the door to constructive engagement with stakeholders, staff and council members. It was essential for Administration to come up with a turnaround strategy for service delivery. Two of the many interventions emanating from stakeholder consultations and engagement that are aimed at the improvement of service delivery are the strengthening of the South African Nursing Council's (SANC) Registry Services, thereby creating a single port of entry for all mails received at the Council; and the introduction of the document scanner to reduce the incidence of document loss.

To enhance communication with stakeholders and to improve access through the call centre, the workload of call centre agents is constantly monitored and all call centre posts for agents are filled. A Client Relations Manager has also been appointed who will be conducting client satisfaction surveys in the near future. Customers are advised to contact the Client Relations Manager if they are not satisfied with the service they receive or if they want to make suggestions that could add to client satisfaction as the Council believes in continued service improvement.

In the year under review, the Council significantly improved its registration in that the entire backlog in learner registration has been cleared, hence we are reiterating our call for all Nursing Education Institutions (NEIs) to comply with the regulations, whether pertaining to learner registration or examinations, as this has a significant impact on doing future business and the success of the turnaround strategy.

Another area which has been improved is the management of SANC examinations. In 2010/11 the Council has finalised the rationalisation of examination centres and implemented new examination security measures. In short, a new SANC examination management system has been put in place, which is subjected to a continuous quality management system. In this regard, I again would like to thank the staff and Nursing Education Institutions (NEIs) for their cooperation and the manner in which they have dealt with the teething problems associated with these changes. To mitigate delays due to the postal service, examination results are now for the first time sent to the learners via short message services (sms). This will enable learners wanting to register for re-entry to do so timeously, as in the past delays in postage have contributed to delays in re-entry for examinations.

It is for this reason that I am appealing to all NEIs to ensure that learners include their cellular phone numbers when completing the registration forms. Similarly, all nurses are required to update their personal particulars with the SANC to enable us to communicate with them via sms. Registration certificates are now also sent to NEIs through which learners have registered with the SANC, and candidates are instructed to collect their certificates from the NEI. In this regard, I would like to thank all NEIs for their assistance in

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this regard. Only in the case of university students will qualification certificates still be sent to individual learners by registered mail upon successful completion of the SANC Nursing Programme.

In the year under review, financial systems of the Council have been improved and the audit of its financial statements for the year ended 31 March 2011, performed by KPMG, resulted in an unmodified audit opinion. This is a significant milestone, since it is the first unmodified audited opinion in four years.

In conclusion, I would like to thank members of the executive and staff for their contributions in shaping and crafting this annual report. The efforts of executive managers, relevant committees of Council and stakeholders in particular have led to the development and alignment of new nursing qualifications to the National Qualifications Framework, the relevant regulations of which are greatly appreciated. Administration will continue to engage and collaborate with relevant stakeholders to ensure a smooth transition from legacy qualifications to new nursing qualifications. In this regard, Council resolved to set the date of June 2013 for implementing the new nursing qualifications. Let's all embrace this opportunity!

Yours sincerely

T B Mabuda
Registrar & CEO
South African Nursing Council

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Corporate Governance Report

Council

The 14th Council of the South African Nursing Council commenced with its duties on 26 June 2008 and will continue up to 25 June 2013. It consists of no more than 25 members, 14 of whom must be registered in terms of Section 31(1)(a) and (b), appointed by the Minister, taking into account their expertise in nursing, nursing education, community health, primary healthcare, occupational health and mental health:

Ms J N Makhanya – Chairperson

Prof. B R Bhengu

Ms C M Erasmus

Ms G Jeftha

Ms S Makwetla

Ms T S Manganye (resigned on 31 May 2010)

Prof. V C Nikodem

Dr A J Pienaar

Dr W P Solombela

Ms V Thompson

Dr S Vasuthevan

Mr A Alexander

Ms T R Mdlalose

Prof. M S Mogotlane – Vice-Chairperson

Dr S E Duma

Prof. S P Human

Ms M D Ledwaba

Prof. M Maselesele

Ms I S Mokale

Ms D M Nyasulu

Mr G W Pitso

Ms M J Teffo

Ms N J Tshayinca

Ms R N Xaba

Prof. R V Gumbi

Ms P Zulu

Chairperson

The Chairperson of the Council must:

- ▶ ensure that every member of the Council has signed the codes made under the Nursing Act and adheres to these codes;
- ▶ convene meetings of the executive committee;
- ▶ liaise with or advise the Minister on issues relating to the Council;
- ▶ generally ensure that the Council performs its functions and fulfils its objectives in terms of the Nursing Act and complies with the relevant provisions of any other act; and
- ▶ ensure that the budget of the Council is formulated in the prescribed manner and that the Council operates within such budget.

Registrar

The Registrar reports to the Council and is responsible for the day-to-day business of the South African Nursing Council and the implementation of policies and strategies approved by the Council.

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Council Committees

While the Council remains accountable and responsible for the performance and affairs of the South African Nursing Council, it delegates to its subcommittees and management certain functions to assist in properly performing its duties. Each subcommittee acts within agreed, written terms of reference. The chairperson of each subcommittee reports to the Council at each of its regular meetings, and minutes of subcommittee meetings are made available to the Council. The established subcommittees are outlined below:

Standing Committees

Executive Committee

Ms J N Makhanya (Chairperson)
Prof. S P Human
Ms T S Manganye
Dr A J Pienaar

Prof. S M Mogotlane
Ms S Makwetla
Prof. M Maselesele
Ms R N Xaba

Education Committee

Dr S Vasuthevan (Chairperson)
Prof. S P Human
Ms N J Makhanya
Dr A J Pienaar

Dr S E Duma
Ms M D Ledwaba
Prof. M Maselesele

Accreditation Committee

Dr S E Duma (Chairperson)
Ms T R Mdlalose
Dr S Vasuthevan

Ms C M Erasmus
Prof. S M Mogotlane

Laws, Practice and Standards Committee

Prof. V C Nikodem (Chairperson)
Ms T S Manganye
Ms M J Teffo

Prof. B R Bhengu
Ms S I Mokale
Ms V Thompson

Preliminary Investigating Committee

Ms C M Erasmus (Chairperson)
Ms S I Mokale
Mr A Alexander

Ms I S Makwetla
Mr G W Pitso

Impairment Committee

Dr A J Pienaar (Chairperson)
Dr W P Solombela

Prof. V C Nikodem
Ms N J Tshayinca

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Professional Conduct Committee

Prof. B R Bhengu (Chairperson)

Ms T R Mdlalose

Prof. V C Nikodem

Prof. S M Mogotlane

Ms G Jeftha

Ms D M Nyasulu

Ms V Thompson

Human Resource Committee

Ms N J Makhanya

Ms M J Teffo

Prof. S M Mogotlane

Dr S Vasuthevan

Finance Committee

Ms RN Xaba (Chairperson)

Prof. S M Mogotlane

Ms N J Makhanya

Ms V Thompson

Communication and Liaison Committee

Mr G W Pitso

Ms N J Makhanya

Dr A J Pienaar

Prof. S P Human

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Attendance of Council, EXCO and Finance Committee meetings

		Council											EXCO			Finance Committee						
		07/04/2010	25/05/2010	26/05/2010	21/09/2010	22/09/2010	22/10/2010	23/11/2010	24/11/2010	05/02/2011	29/03/2011	30/03/2011	TOTAL	8/6/2010	23/03/2011	TOTAL	16/09/2010	19/11/2010	10/3/2011	14/03/2011	TOTAL	
Council Members	Chairperson	Ms JN Makhanya	0	√	√	√	♫	0	√	√	√	√	0	7/11	√	√	2/2					
	Deputy Chairperson	Prof. MS Mogotlane	0	√	√	√	√	√	√	√	0	√	√	9/11	♫	√	1/2	√	√	√	√	4/4
		Mr AN Alexander	0	√	√	√	√	√	√	√	√	√	√	10/11								
		Dr SE Duma	√	0	0	√	√	√	√	0	0	√	√	7/11								
		Ms CM Erasmus	√	♫	√	√	0	♫	√	♫	√	√	√	7/11								
		Prof. RV Gumbi	√	√	√	√	0	√	√	0	√		√	8/11	♫	0	0/2					
		Prof. SP Human	0	√	√	0	0	0	√	√	√	√	√	7/11	♫	√	1/2					
		Ms G Jeftha	0	√	√	√	√	√	√	0	√	√	√	9/11	√	√	2/2					
		Ms MD Ledwaba	√	0	0	√	√	√	√	√	♫	0	0	6/11								
		Ms IS Makwetla	0	√	0	√	√	√	0	0	√	√	√	7/11	♫	0	0/2	♫	0	√	√	2/4
		Ms TS Manganye	√	■	■	■	■	■	■	■	■	■	■	1/11								
		Prof. M Maselesele	0	0	0	√	√	0	√	0	√	√	0	5/11	♫	√	1/2					
		Ms TR Mdlalose	√	√	√	√	√	√	√	√	√	√	√	11/11	♫	√	1/2					
		Ms IS Mokale	√	√	√	√	√	√	√	0	√	√	√	10/11								
		Prof. VC Nikodem	√	√	√	√	√	√	√	0	0	0	0	8/11								
		Ms DM Nyasulu	√	√	√	√	√	√	0	0	√	√	√	9/11	♫	√	1/2					
		Dr AJ Pienaar	0	√	√	√	√	√	√	√	√	0	0	9/11	√	√	2/2					
		Mr GW Pitso	0	0	0	0	0	0	0	0	0	0	0	0/11								
		Dr WP Solombela	√	√	√	√	√	√	√	√	√	√	√	11/11								
		Ms BR Bhengu	√	√	√	√	√	√	√	♫	√	√	√	10/11								
		Ms MJ Teffo	0	0	0	0	0	√	√	♫	0	0	0	2/11								
		Ms V Thompson	0	0	√	0	√	√	√	0	√	√	0	6/11				√	√	√	√	4/4
		Ms NJ Tshayinca	√	√	√	0	0	√	√	√	√	√	√	9/11								
		Dr S Vasuthevan	√	√	0	√	0	0	√	√	√	√	√	8/11								
		Ms P Zulu	■	■	■	■	■	■	■	■	■	√	√	2/11								
		Ms RN Xaba	0	0	0	√	√	0	0	0	0	0	0	2/11	♫	0	0/2	√	√	0	0	2/4

Legend

In attendance
Not a member
Did not attend
Apology

√
■
0
♫

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Audit and Risk Committee

This Committee was not formally established during the year under review.

Risk management

The risk management strategy is not in place. The Council will engage a consultant to conduct risk assessment in order to formulate an appropriate risk management strategy.

Internal control

A system of internal control is in place, based on internal policies and procedures. The external auditors will consider elements of internal control systems as part of their audit and they will communicate any deficiencies when identified.

The Council's internal controls and systems are designed to provide reasonable, and not absolute, assurance on the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The work that was performed during the year under review in developing and implementing financial policies and procedures further strengthens the internal control environment. The Council evaluated its internal control systems on 31 March 2011 with regard to financial reporting and the safeguarding of assets against unauthorised purchases, use or sales. During the year under review, the internal control systems revealed no significant breakdown.

Internal audit

Currently the internal audit function is not in place and processes are under way to outsource the internal audit services to auditing firms.

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Report of the Council for year ended 31 March 2011

Nature of the business

The Council is a regulator of the nursing profession and its operations and principal activities are listed on page 2.

Financial results and review of operations

The financial results of the Council are set out on pages 36 to 66. A detailed review of the activities of the Council is contained in the Executive Overview on pages 15 to 26.

Performance information report

The Council's quarterly performance against the plans for the year under review is set out on pages 27 to 31.

Provident fund

The rules to convert defined benefit to defined contribution plan have been approved but certain processes still needs to be completed in order for the process to be finalised. This conversion resulted in the Council owing an additional amount of R2 239 000 as at 1 January 2011. The Council has undertaken to settle any obligations that may arise as a result of this conversion.

Post-employment medical aid benefits

The Council provides post-employment medical aid benefits to all its former employees and continuation and widow(er) members who participate in the Bestmed Medical Scheme, Bonitas Medical Fund and Oxygen Medical Scheme.

The South African Statement of Generally Accepted Accounting Practice on employee benefits, IAS 19 (AC116) requires that the Council accounts for its post-employment medical aid benefit liabilities by recognising the liability in the statement of financial position and the related expenditure in the statement of comprehensive income.

An actuarial valuation was performed on 31 March 2011 and it was reported that the contractual liability amounted to R21 667 906 (2010: R18 524 920). This valuation reflects an increase of R3 142 986.

Investments

The Council's investments reflected in note 3 of the annual financial statements arose when Sanlam and Old Mutual demutualised. These investments are administered by Computershare and the process of complying with FICA requirements is still ongoing.

Non-current asset held for sale

The non-current asset held for sale comprises the property held in Bisho and is reflected in note 6 of the annual financial statements. The Council decided to dispose of its share of the property for R900 000 which is jointly held with the Health Professional Council of South Africa (HPCSA). The property is still classified as held for sale as at 31 March 2011 as a result of delays in transferring the property into the new owner's name, which is not in the control of the Council. In terms of the sales agreement, the risks and rewards of ownership only transfer upon registration of the property in the buyer's name.

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Contingent liability

The Council is defending action brought by the Nursing Education Institution. While the liability is not admitted, if defence against the action is unsuccessful, fines and legal costs could amount to R12.6 million. Based on legal advice, the Council does not expect the outcome of the action to have a material effect on the Council's financial position. Contingent liability is reflected on note 16 of the annual financial statements.

External audit report

The audit of the annual financial statements for the South African Nursing Council for the year ended 31 March 2011 has been performed by KPMG. The auditors have issued unmodified audit opinion.

Going concern

In preparing these annual financial statements, management has made an assessment to determine the Council's ability to continue operating as a going concern. Management has concluded that the Council will continue to operate as a going concern for the foreseeable future.

Events subsequent to reporting date

The following matters happened after year end:

- ▶ The audit and risk committee was established and members were appointed on 13 April 2011.
- ▶ The sale of non-current asset held for sale which comprises of the property held in Bisho was signed on 21 April 2010 and transferred on 05 July 2011 and the proceeds R789,433.

Other than those listed above, the Council is not aware of any other matters or circumstances arising since the end of the financial year, or any other matters not otherwise dealt with in the annual financial statements which may significantly affect the financial position of the South African Nursing Council or the results of its operation.

Executive overview

Deputy Registrar: Professional Practice

This Division was conceptualised in 2007 and established in 2010. The two-pronged aim was to implement professional practice provisions of the Nursing Act, 2005 as well as to separate professional practice from legal matters such as conducting inquiries and hearings into alleged misconduct by nurses and midwives.

Several strategic activities have been engaged in, including but not limited to the following: The scopes of practice for the professional nurse, midwife, staff nurse and auxiliary nurse have been reviewed to ensure that there is synchrony with the qualifications of these categories of nurses.

In partnership of the Legal Unit of the Council, several sets of regulations have been refined and submitted to the Department of Health for policy and legal review. Some of these regulations will enhance the functioning of committees whilst others will improve processes of the Council.

From May 2010 an exercise of developing competencies for the advanced practice nurse has commenced. This was achieved through workshops that were held with expert nurses in several specialised nursing fields. These workshops are currently being refined.

Senior Manager: Provider Affairs (Nursing Education and Training)

This department has championed the National Road Shows to reach the nursing profession on grassroots level. The nursing profession craved for information regarding the present and future of legacy qualifications, the status of new nursing qualifications and how it would impact on the demand for and availability of nurses.

The reception in various provinces was overwhelmingly welcoming, providing hope that together we can do more. The proposed new nursing qualifications dominated discussions since it has a direct impact on the legacy qualifications and the status of the products currently on the horizon. The examination system was perceived as a sore point for Nursing Education Institutions. These themes that emerged, resulted in the department drawing up remedial actions in order to resuscitate the image of the organisation.

The department took strides to review examinations and embarked on a vigorous security system which prevents internal and external factors that may lead to the leakage of examination question papers. The accreditation system is receiving priority and a tender proposal has been prepared to solicit a curriculum developer.

The education and training department has pledged itself to devise a strategy to address backlog of accreditation visits over nine weeks. The department has reviewed the nursing compact of the Nursing Summit, focused on what is relevant to its department and prepared position papers for discussion by Education Committee and further on by full Council.

The education and training department has aligned itself with strategic and operational plans of the Council and ensures that it complies with financial and budget management.

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Senior Manager: Legal Affairs

The Legal Affairs Section of Council was referred to as the Professional Practice Division. In June 2010 a decision was taken to formally separate it from the Practice Division to a standalone Legal Affairs Section.

The core functions of the Section are to:

- ▶ provide corporate legal support services to the SANC;
- ▶ draft legislations and regulations;
- ▶ investigate complaints against nursing practitioners pertaining to unprofessional conduct;
- ▶ conduct inspections and investigations of non-accredited nursing education institutions;
- ▶ prosecute in an enquiry into any complaint of unprofessional conduct against any practitioner; and
- ▶ render legal support to committees.

Critical milestones

In adhering to its functions in terms of the Nursing Act, the Legal Affairs Section renders its services primarily in the following committees of Council:

Preliminary Investigating Committee

The function of the Committee is to investigate all matters of alleged unprofessional conduct submitted to it by the Section and based on the evidence, to determine whether a case should be referred for a professional conduct enquiry and, in the event of minor offences from time to time, to recommend an option of an admission of guilt fine.

In the period under review, the Committee had four sittings and considered 259 cases which were noted by Council.

The Committee also conducted four inspections in loco as part of its investigation duties in various provinces.

Professional Conduct Committee

The function of the Committee is to conduct an enquiry or hearing into any complaint or allegation of unprofessional conduct, referred to it by the Preliminary Investigating Committee.

During the period under review, the Committee had nine sittings to hear cases referred to it. During these sittings, 44 cases were considered and 24 were finalised i.e. conviction and sentencing. The cases were dealt with under the old dispensation, i.e. cases that arose prior to June 2008.

Laws, Practice and Standards Committee

The function of the Committee is to draft laws and practice standards for the profession.

In essence, the Committee falls under the Deputy Registrar, serving in an advisory capacity.

The Committee had four sittings during which certain regulations were considered. Four draft regulations were submitted to the National Department of Health, namely: regulation on acts and omissions; unprofessional conduct enquiries; regulation on impairment; and the appeals regulation.

Impairment Committee

The function of the Committee is to conduct an enquiry of any practitioner who may be incapacitated as a result of disability or who may be mentally or otherwise impaired.

During the period under review, the Committee had three sittings during which 33 enquiries were conducted, and some of its decisions are being implemented.

Senior Manager: Human Resources

The Human Resources Division is responsible for the management of human resource practices and reports to the Office of the Registrar. The Division is, inter alia, responsible for the:

- ▶ development and implementation of the HR Strategy;
- ▶ provision of secretarial services to the Bargaining Forum;
- ▶ development and implementation of effective human resource policies and procedures;
- ▶ management of employees' remuneration payroll and benefits;
- ▶ implementation of a performance management system; and
- ▶ management of training and development of staff.

In the year under review, 11 policies were approved.

Organisational structure

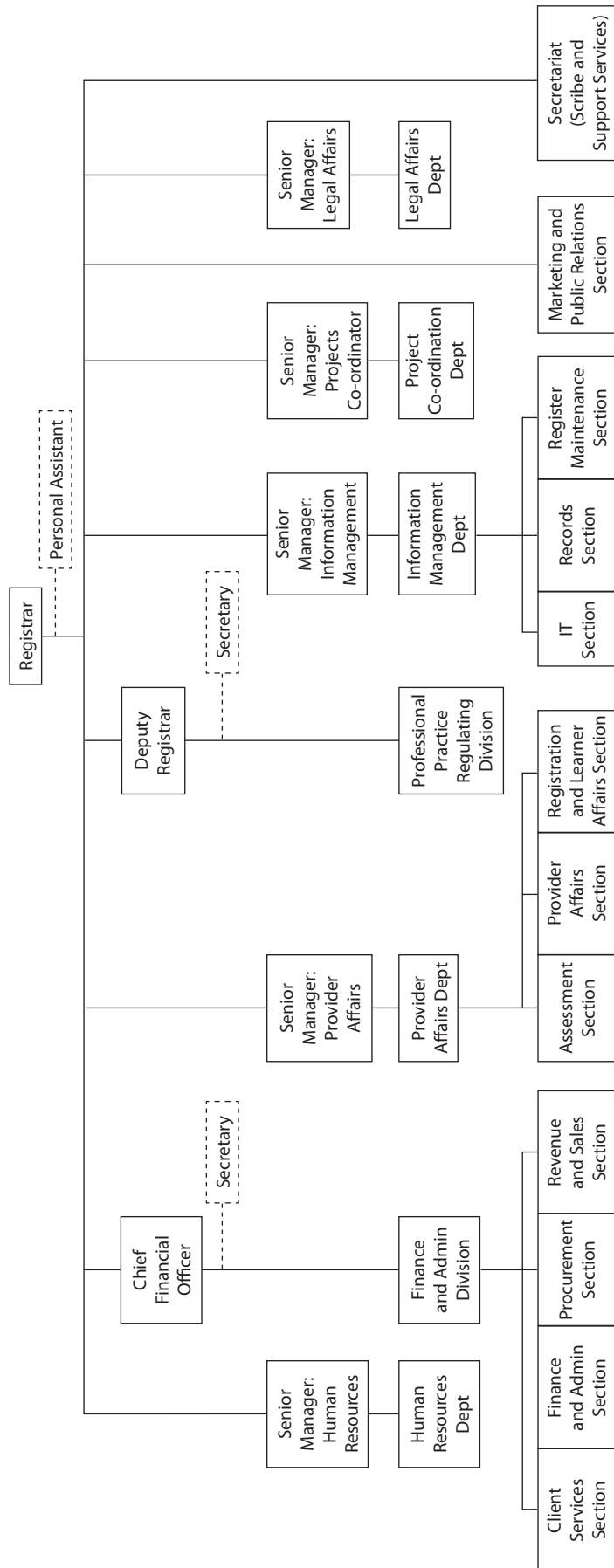
The Registrar is the accounting officer of the Council and is responsible for the implementation of the Council's policies, including its five-year strategy, ensuring effective corporate governance and fulfilling the role and responsibilities as prescribed in terms of the Nursing Act, 2005.

In the year under review, the top layer of the organisational structure has been reorganised, changing from a setting where the Chief Financial Officer and the Deputy Registrar were the only executive managers reporting to the CEO to a more flat structure under which all seven executive managers report directly to the CEO.

This change has led to the creation of the Professional Practice Division under the Deputy Registrar and Nursing Education and Training as a new department with its own Executive Manager.

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South African Nursing Council Organogram - Executive Management



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Employment and vacancies

The following table summarises the number of posts on the staff establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment:

<i>Level</i>	<i>Number of posts</i>	<i>Number of posts filled</i>	<i>Vacancy rate</i>	<i>Number of posts filled additional to the establishment</i>
Level 1 – 3	8	5	37.5%	
Level 4 – 5	11	10	9.1%	
Level 6 – 7	17	15	11.8%	
<i>Level 8 – 9</i>	100	98	2.0%	
Level 10	6	6	0	

Employment and vacancies by salary bands – 31 March 2011

Employment changes

This section provides information on changes in employment over the financial year. The following table provides a summary of employment changes by salary band:

Employment changes by salary band: 1 April 2010 – 31 March 2011

<i>Salary band</i>	<i>Number of employees</i>	<i>Appointments and transfers into the organisation</i>	<i>Terminations</i>
Level 1 – 3	2	3	1
Level 4 – 5	-	-	-
Level 6 – 7	1	-	-
<i>Level 8 – 9</i>	3	-	-
Level 10	1	-	-

Reasons for staff leaving the organisation

<i>Termination type</i>	<i>Number</i>
Death	1
Resignation	2
<i>Expiry of contract</i>	0
Dismissal – misconduct	2
Dismissal – operational reasons	0
Dismissal – inefficiency	0
Discharged due to ill health	1
<i>Retirement</i>	7
Other	0
Total	13

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Disciplinary action: 1 April 2010 – 31 March 2011

	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	
Disciplinary action	2								
<i>Correctional action</i>	-								
Counselling	-								
Verbal warning	-								
Written warning	-								
Final written warning	-								
<i>Suspension with / without pay</i>	2								
Dismissal / desertion	-								
Not guilty	-								
Case withdrawn	-								

Legend:

A – African I – Indian
C – Coloured W – White

Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act (Act No. 55 of 1998):

Total no. of employees (including employees with disabilities) in each of the following salary bands

<i>Salary level</i>	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	
Level 1 – 3	4			1	2				7
<i>Level 4 – 5</i>	4				17	1	1		23
Level 6 – 7	7				14			3	24
Level 8 – 9	21				49			8	78
Level 10	2				2				4

Legend:

A – African I – Indian
C – Coloured W – White

Annual Report 2011

Recruitment: 1 April 2010 – 31 March 2011

<i>Salary level</i>	<i>Male</i>				<i>Female</i>				<i>Total</i>
	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	<i>A</i>	<i>C</i>	<i>I</i>	<i>W</i>	
Level 1 – 3	1				2				3
Level 4 – 5					2	1			3
Level 6 – 7	1				1				2
Level 8 – 9	4				2				6
Level 10	2				2				4

Legend:

A – African I – Indian
 C – Coloured W – White

Leave payouts: 1 April 2010 – 31 March 2011

<i>Reason</i>	<i>Number</i>
Leave payout for 2010/11 due to non-utilisation of leave for previous cycle	
Capped leave payouts on termination of service for 2010/11	11

NB: Capped leave days are only paid out in case of normal retirement, termination of service due to ill health, death and resignation.

Annual Report 2011

Chief Financial Officer

Introduction

This report provides insight into the financial position and operating performance of the Council and should be read in conjunction with the annual financial statements presented on pages 36 to 66.

Operating performance

Revenue

The revenue for registered nurse practitioners have increased by 204% to R83.3 million (2010: R27.4 million), driven mainly by the adoption of new rules for registration of nurses and annual fees in the 2010 financial year.

The revenue from registration fees have increased to R4.5 million from R3.6 million in 2010 which equates to an increase of 25.5%.

Examination fees have increased by 25.1% to R6.5 million (2010: R5.2 million), which is attributed to increase in number of candidates sitting for examinations.

Restoration fees have increased by 391.3% to R8.4 million (2010: R1.7 million). The increase is mainly due to the increase in amount payable by practitioners for restoration. From the current year, practitioners were charged three times the annual fees as restoration whereas previously they were charged R350.00; R250.00 and R230.00 for Registered nurse, Enrolled nurse and enrolled nurse auxiliary respectively.

Other income

Other income consists of sales of printed materials and donor funds recognised in terms of the memorandum of understanding, which increased by 103.1% to R2.2 million (2010: R1.1 million). Donor fund income is recognised to the extent that it is matched by expenditure incurred.

Fixed and administration expenses

The total for fixed and administration expenses for the Council reflects an increase of 7.02% to R61.4 million (2010: R57.4 million) which was in line with the Council's cost savings exercise.

Results from operating activities

The operating profit increased by 183% to R24 million (2010: R28.9 million deficit) mainly due to the adoption of new rules for registration of nurses and annual fees in the 2010 financial year.

Finance income

Finance income increased by 41.2% to R3.9 million (2010: R2.7 million) due to efficiency in investing and sound financial management.

Statement of financial position

Property, equipment and motor vehicles

Property, equipment and motor vehicles reflect a decrease of 2.0% to R41.6 million (2010: 42.5 million) due to depreciation on buildings, motor vehicles, office equipment and computer equipment. Land is not depreciating. Overall, there have been no major changes in the properties, equipment and motor vehicles or any changes in the policy relating to their use during the period under review.

Cash and cash equivalents

The cash and cash equivalents increased by 54.7% to R105.2 million (2010: R68.0 million), driven mainly by cash annual fees received, amounting to R50.3 million.

Trade and other payables

Trade and other payables increased by 16.2% to R63.1 million (2010: R54.4 million), attributed mainly to the increase in annual fees received in advance.

Leave pay accrual

Leave pay accrual increased by 18% to R3.9 million (2010: R3.3 million), which is indicative of employees not always taking their leave. In terms of Council's conditions of service not more than 12 days' vacation leave per annum may be accumulated, provided that leave shall not be forfeited if an officer cannot be granted leave.

Annual Report 2011

Senior Manager: Information Management

Infrastructure and services

The Information Technology Section is responsible for providing the organisation with Information and Communications Technology (ICT) facilities and systems. To supply in the increased demand for bandwidth, especially due to the numbers of emails being received, the Council's DigiNet line speed was increased. An ADSL line was installed to provide redundancy in the event of a line failure. These measures have been successful in eliminating the problems the Council had experienced with emails in previous years. With the country having invested in Internet infrastructure in preparation for the World Cup Soccer, the SANC communications have benefited by becoming much more reliable (and less expensive).

The server infrastructure is very stable with a 99% availability being achieved on the servers. During the period under review, a process was started to replace all outdated PCs and Notebooks in the organisation. This upgrading will be completed by mid-2012. At the same time, necessary equipment was supplied to all new appointees.

The Council's high speed printers have handled the printing of many hundreds of thousands of pages during this period. By way of example, the printing of pro-forma invoices for the nurses' annual fees used approximately 80 km of debtors invoice forms. While the section guarantees a 48 hour turnaround time for printing, most printing is delivered to users within 24 hours. Additional security control measures were introduced during this time to ensure that all printing was recorded in detail and signed for by the respective users.

System development

During 2010/2011, the Council's examination system was overhauled to provide much improved security features. Many of the exams system programmes were changed to cater for new and improved requirements. System changes included a totally new dispatching programme for exam materials, including lock and security seal numbers, as these materials are now dispatched in a locked and sealed security box. Exam timetables and results are now sent by courier to the principal of the Nursing Education Institution (NEI) and these printouts have to be sorted accordingly by the print programmes. Invigilators are now informed of upcoming exams by means of a short message service (SMS) and the security codes to unlock the boxes are also sent by SMS on the day of the exam. Exam results can now also be sent to students by SMS and the student is informed to collect his or her printed results from their NEIs.

As indicated above, the SANC started using SMS messages to communicate with its clients during this period. A system has been developed to use SMS messages throughout the entire organisation. For example, in future Finance will use SMS messages to remind nurses to pay their annual fees, or to inform them that they have paid the incorrect amount, etc. The big challenge with the SMS system is that the SANC has so few cellular phone numbers on file.

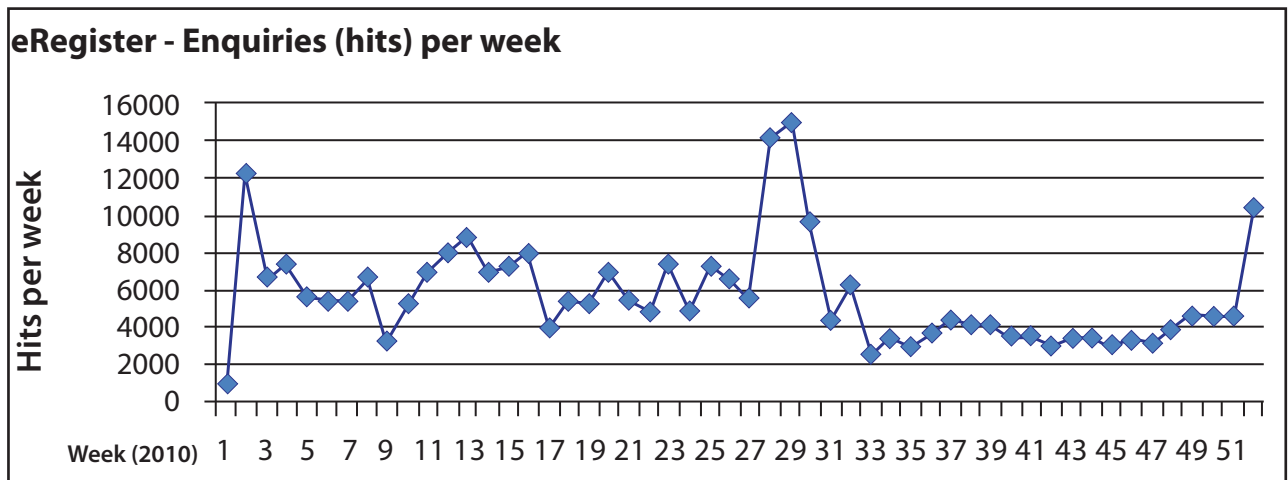
The rest of Council's systems have been updated in accordance with requests received from the various sections. However, this development work has taken quite long in most cases because the systems developer position has been vacant for the entire period. There are also plans to fill this position as a matter of urgency.

Annual Report 2011

Website and eRegister system

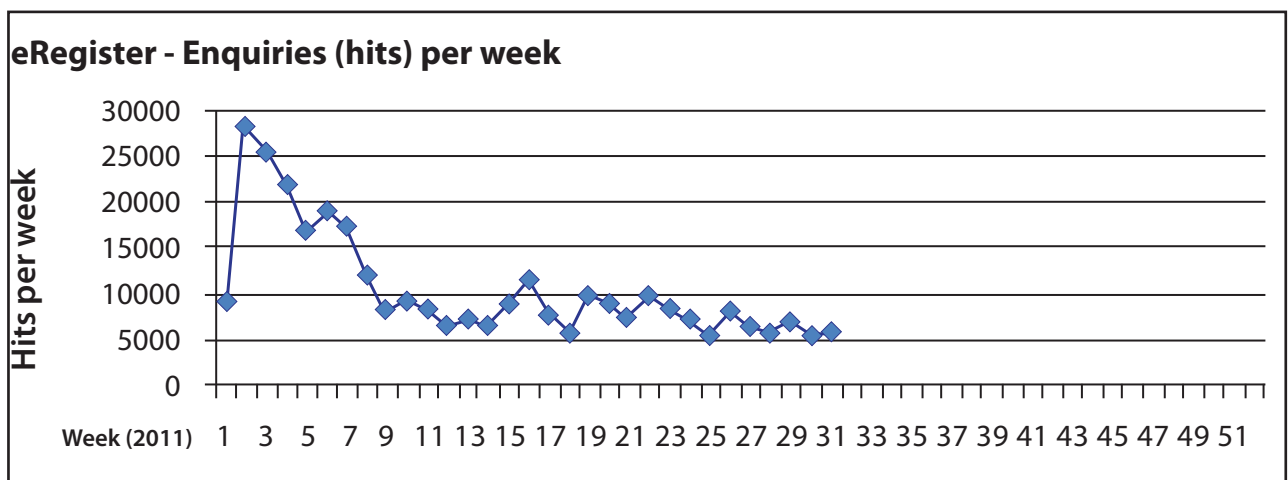
The SANC website continues to be a source of reliable and easily accessible information to clients and to the public as a whole. Well over half a million users have already visited the site to access information, forms and news.

In particular, the eRegister (electronic register of nurses and midwives) has been very well received and continues to grow from strength to strength. Its use has exceeded all expectations as can be seen from the chart below:



The steep spike during the last weeks of 2010 resulted from a new feature that was added to the system at that time, which enables the system to show which practitioners have already paid their annual fees for the following year (2011 in this case). This information is automatically enabled from 1 July each year in respect of annual fees for the following year (during the period in which payments are due).

Nursing administrators are encouraged to use the eRegister system to monitor the ongoing registration status of practitioners employed by an organisation – once the practitioner's identity has been established. This checking was extensively used at the start of 2011 as can be seen in the following chart for 2011:



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Security and cybercrime prevention

The SANC's systems are backed up to removable media every weeknight. This media is stored offsite so that systems can be recovered in the event of a catastrophe at Council offices.

Several different antivirus and intrusion protection strategies are employed to ensure that SANC's systems are protected from criminal elements. Some of these measures are supplied (and monitored for auditing purposes) by an external service provider. During 2010, the logging systems for emails helped SANC prove that an alleged email sent to it was actually a case of fraud and that no such email was ever sent to the Council.

Records Management

The Records Management Section is struggling to find room for new files being added to the archives daily. This situation must now be addressed as a matter of urgency. A tender process has been started that will result in the nurses' files being converted to digital (scanned) images, with an archive backup on microfilm. This solution was successfully piloted in 2005 and is the only sensible way of handling the growing records storage problems being experienced at the SANC.

Senior Manager: Project Coordination

The Department was established in December 2010, with a single staff member who occupies the position of Senior Manager: Projects Coordinator. The Department is still to be scoped, which will inform the drafting of the business unit plans. Currently the role of the senior manager cuts across governance; education and training; nursing practice; and the management of donor funds.

Annual Report 2011

Performance Information: Actual Performance vs. Targets		
Operational objectives	Outcome indicators	Actual performance
<i>Improve governance structure of the Council in line with good corporate governance</i>	Audit and Risk Committee Charter approved by the Council	Audit and Risk Committee charter awaiting approval by Council
<i>Ensure that a sound financial management system exists</i>	Integrated payroll and human resource management system	VIP payroll system and personnel management – integrated and functional
	Machine-installed cash management system accepting card payments	Speedpoint payment system introduced to avoid risk of carrying large sums of cash
	Completed income tax returns/ VAT returns/PAYE returns	All returns completed and submitted during the year under review
	Defined contribution provident fund approved by the Council	Conversion from a defined benefit to a defined contribution provident fund – approved by the Financial Services Board in December 2010
	Audit reports	KPMG audited the financial records of the Council for the period ended 31 March 2011 and issued an unmodified audit opinion.
<i>Communication with stakeholders through an effective website</i>	Information published within 48 hours of receipt thereof	Website updated regularly

Annual Report 2011

Performance Information: Actual Performance vs. Targets		
Operational objectives	Outcome indicators	Actual performance
<i>Align NQF registered nursing qualifications with HEQF</i>	Nursing qualifications aligned with the relevant authority	Nursing qualifications aligned with HEQF and waiting relevant regulations to be promulgated by the National Department of Health before they are implemented: <ul style="list-style-type: none"> • Bachelor in Nursing • Diploma in Nursing • National Higher Diploma Certificate in Auxiliary Nursing
<i>Develop National Curriculum Framework for undergraduate qualifications</i>	National Curriculum Framework developed	To be considered next year after related regulations are promulgated
<i>Finalise Regulations in line with HEQF (Realigned Qualification)</i>	Promulgated Regulations	Draft regulations were submitted to the National Department of Health for promulgation: <ul style="list-style-type: none"> • Accreditation of institutions as Nursing Education Institutions • The approval of and the minimum requirements for the education and training of a nurse leading to registration as a professional nurse • The approval of and the minimum requirements for the education and training of a nurse leading to registration as a staff nurse • The approval of and the minimum requirements for the education and training of a nurse leading to registration as an auxiliary nurse

Annual Report 2011

Performance Information: Actual Performance vs. Targets		
Operational objectives	Outcome indicators	Actual performance
<i>Develop accreditation system in line with new nursing qualifications and regulations</i>	Accreditation system aligned with the new nursing qualifications/ regulations	Draft accreditation system aligned to new nursing qualifications developed. The system will be finalised in the next financial year after the relevant regulations have been promulgated
<i>Maintain SANC's ETQA status in line with Nursing & SAQA Acts</i>	Data uploaded to NLRD	Learner records uploaded to NLRD in accordance with SAQA requirements
<i>Develop scope of practice & competency framework for advanced nurse practitioners</i>	Scope of practice available	Draft scope of practice for professional nurse, staff nurse, enrolled nursing auxiliary and midwife – has been finalised; to be approved by Council during the next Council Meeting

Annual Report 2011

Performance Information: Actual Performance vs. Targets		
Operational objectives	Outcome indicators	Actual performance
<i>Finalise draft regulations in line with the Nursing Act, 2005</i>	Regulations available	<p>The following draft regulations were submitted to National Department of Health for promulgation:</p> <ul style="list-style-type: none"> • The fees and fines payable to the South African Nursing Council • The particulars to be furnished to the Council for keeping of the Register for nursing practitioners, the manner of affecting alterations to the Register, and certificates that may be issued by the Council • The institution and conduct of inquiries into the alleged unprofessional conduct of persons registered with the South African Nursing Council • Draft notice for the creation of the category of staff nurse (enrolled nursing) to be issued in terms of Section 32(1) of the Act • Unfitness to practice regulations • Keeping, supplying, administering or prescribing medicines regulation (Section 56)
<i>Develop a CDP Model for Council</i>	Model/framework available	Draft framework for CPD for nurses developed; to be finalised in the next financial year
<i>Restore and maintain professionalism in nursing</i>	<p>Draft code of ethics available</p> <p>Finalise all cases of unprofessional cases reported to council prior to July 2008</p>	<p>Draft code of ethics available; will be approved by Council in the next financial year</p> <p>90% of all cases of unprofessional conduct cases reported to Council prior July 2008 were finalised by March 2011</p>

Annual Report 2011

Performance Information: Actual Performance vs. Targets		
Operational objectives	Outcome indicators	Actual performance
<i>Implement system for monitoring and improving performance and productivity in pursuit of excellence</i>	Signed performance agreements	Performance agreements rolled from senior managers to managers and will be rolled down to all categories in the next financial year
<i>Alignment of Human Resources systems and Priorities with applicable legislation and SANC Strategy</i>	Policies developed and or reviewed	11 Human Resources policies and procedures reviewed and approved by Council in March 2011

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Statement of Responsibility

For the year ended 31 March 2011

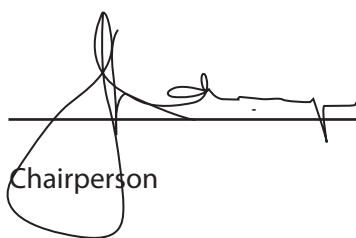
The Council members are responsible for the preparation and fair presentation of the financial statements comprising the statement of the SANC's financial position at 31 March 2011, the statement of comprehensive income, the statement of changes in reserves; the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as well as the report of the Council, in accordance with South African Statements of Generally Accepted Accounting Practice.

The Council members are also responsible for such internal control as they deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for 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.

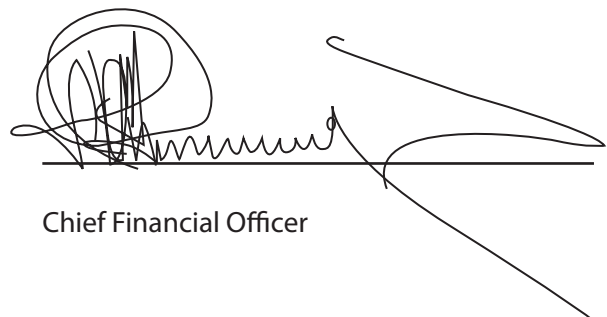
The Council members have made an assessment of the Council's ability to continue as a going concern and have no reason to believe that South African Nursing Council will not be a going concern in the year ahead.

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

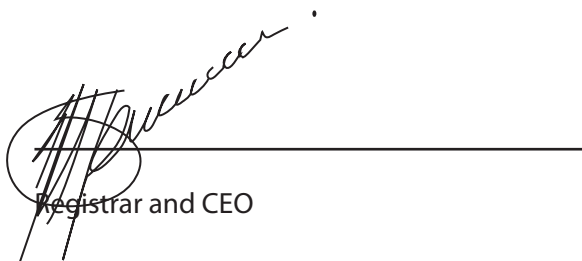
On 29 March 2012 the Council approved the financial statements set out on pages 36 to 66, which are signed on behalf of the Council by:



Chairperson



Chief Financial Officer



Registrar and CEO

Report by the External Auditors

For the year ended 31 March 2011

To the Chairperson and Council Members of the South African Nursing Council

We have audited the financial statements of the South African Nursing Council, which comprise the statement of financial position as at 31 March 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 60.

Council's responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the South African Nursing Council at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Annual Report 2011

Other matters

The supplementary information set out on pages 61 to 66 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

KPMG Inc.



Per MA Sithole
Chartered Accountant (SA)
Registered Auditor
Director
21 August 2013

KPMG Forum
1226 Francis Baard Street
Hatfield
0083

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Annual Report 2011

South African Nursing Council

Statement of Financial Position

As at 31 March 2011

	Note	2011 R	2010 R
Assets			
Non-current assets			
Properties, equipment and motor vehicles	2	41 611 038	42 459 574
Investments	3	509 884	460 397
Current assets			
Inventory		253 325	387 079
Trade and other receivables	4	1 231 772	988 756
Cash and cash equivalents	5	105 305 888	67 984 172
Non-current asset held for sale	6	500 000	500 000
Total Assets		149 411 907	112 779 978
Reserves and liabilities			
Reserves			
Non-distributable reserve	7	43 783 246	43 783 246
Fair value reserve		178 713	129 227
Retained surplus/(deficit)		14 045 894	(10 873 317)
Non-current liabilities			
Retirement benefits	10	2 291 000	3 169 000
Post-employment medical aid benefits	10	21 667 906	18 524 920
Current liabilities			
Trade and other payables	8	63 199 176	54 404 563
Leave pay accrual		3 945 972	3 642 339
Provision for litigation		300 000	-
Total reserves and liabilities		149 411 907	112 779 978

Annual Report 2011

South African Nursing Council

Statement of Comprehensive Income

For the year ended 31 March 2011	Note	2011 R	2010 R
Revenue	12	83 356 232	27 423 197
Investment income		15 388	-
Other income		2 215 748	1 091 216
Fixed and administration expenses		(61 494 068)	(57 458 971)
Results from operating activities	13	24 093 300	(28 944 558)
Finance income		3 857 602	2 731 686
Finance costs		(1 476)	(60 669)
Net surplus/(deficit) for the period		27 949 426	(26 273 541)
Other comprehensive income			
Revaluation of property, plant and equipment		-	16 343 070
Net change in fair value of available for sale financial assets		-	48 661
Post employment medical aid benefit actuarial (loss)/gain		(3 030 215)	941 577
Other comprehensive income for the period		(3 030 215)	17 333 308
Total comprehensive income for the period		24 919 211	(8 940 233)

Annual Report 2011

South African Nursing Council

Statement of Changes in Reserves

For the year ended 31 March 2011

	Fair value Reserve	Non- distributable Reserve	Retained Surplus	Total
	R	R	R	R
Balance at 31 March 2009	-	27 440 176	14 409 986	41 850 162
Net deficit for the period	-	-	(29 605 966)	(29 605 966)
Net change in fair value of available for sale financial assets	129 227	-	48 661	177 888
Revaluation of land and buildings	-	16 343 070	-	16 343 070
Post employment medical aid benefit actuarial gain	-	-	941 577	941 577
Defined benefit actuarial loss	-	-	3 411 000	3 411 000
	129 227	43 783 246	(10 794 742)	33 117 731
Balance at 31 March 2010 (as previously reported)			(78 575)	(78 575)
Correction of error				
Restated balance at 31 March 2010	129 227	43 783 246	(10 873 317)	33 039 156
Net surplus for the period	-	-	28 956 426	28 956 426
Defined benefit plan actuarial loss	-	-	(1 007 000)	(1 007 000)
Medical Aid benefit actuarial loss	-	-	(3 030 215)	(3 030 215)
Net change in fair value of available for sale financial assets	49 486	-	-	49 486
Balance at 31 March 2011	178 713	43 783 246	14 045 894	58 007 853

Annual Report 2011

South African Nursing Council Statement of Cash Flows

For the year ended 31 March 2011

	Note	2011 R	2010 R
<i>Cash flows from operating activities</i>			
Cash generated from operating activities	11	32 073 292	18 436 812
Finance income		3 857 602	2 731 686
Finance costs		(1 476)	-
Dividend income		15 388	-
Decrease in provident fund liability		(878 000)	-
Increase in medical aid benefit liability		3 142 986	2 127 082
Net cash inflow from operating activities		<u>38 209 792</u>	<u>23 295 580</u>
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment		(888 076)	(759 761)
Net cash flow from investing activities		<u>(888 076)</u>	<u>(759 761)</u>
Net cash increase in cash and cash equivalents		37 321 716	22 535 819
Cash and cash equivalents at 1 April		<u>67 984 172</u>	<u>45 448 353</u>
Cash and cash equivalents at 31 March		<u><u>105 305 888</u></u>	<u><u>67 984 172</u></u>

Annual Report 2011

South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1. Accounting policies

The financial statements incorporate the following principle accounting policies which are consistent with those adopted in the previous years:

1.1 Basis for preparation

(a) Statement of compliance

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

(b) Basis of measurement

The annual financial statements have been prepared on the historical cost basis, except where otherwise stated.

(c) Functional and presentation currency

These annual financial statements are presented in Rand, which is the Council's functional currency. All financial information presented in Rand has been rounded to the nearest Rand.

(d) Use of estimates and judgments

The preparation of the annual financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statement is included in the following note:

Note 10: Measurement of defined benefit obligations

1.2 Properties, equipment and motor vehicles

Recognition and measurement

Items of property, equipment and motor vehicles are measured at fair value less accumulated depreciation and accumulated impairment losses. The cost of property, equipment and motor vehicles was determined by reference to its fair value at that date. Revaluations are performed at regular intervals to ensure that the revalued amount does not differ significantly from the asset's fair value. Fair value gains are recognised in equity and are not recycled to profit or loss as the asset is used. Fair value losses are recognised in equity to the extent that they reverse a previously recognised fair value surplus. Fair value gains are recognised in profit or loss to the extent that they reverse a previously recognised loss.

Annual Report 2011

South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.2 Properties, equipment and motor vehicles

Recognition and measurement (Continued)

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, equipment and motor vehicles.

When parts of an item of property, equipment and motor vehicles have different useful lives, they are accounted for as separate items (major components) of property, equipment and motor vehicles.

Gains and losses on disposal of an item of property, equipment and motor vehicles are determined by comparing the proceeds from disposal with the carrying amount of property, equipment and motor vehicles and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, equipment and motor vehicles 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 Council and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, equipment and motor vehicles are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, equipment and motor vehicles. Land is not depreciated.

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

<i>Item</i>	<i>Average useful life</i>
Buildings	50 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Annual Report 2011

South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.2 Properties, equipment and motor vehicles (continued)

Investment Properties

Investment property is initially recognised at cost. Costs incurred to bring the asset into a condition of use as intended by the Council are capitalised. Investment property is subsequently recognised at revalued amount. Revaluations are carried at sufficient intervals to ensure that the revalued amount does not differ significantly from its fair value. Fair value gains and losses are recognised in profit or loss in the period in which they arise.

1.3 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continued use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the entity's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

1.4 Inventory

Inventory comprises distinguishing devices and is stated at the lower of cost or net realisable value determined on the first-in-first-out method. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling expenses.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Annual Report 2011

South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.5 Revenue

All fees are determined by the Council and published by means of board notice. Annual fees are recognised using the accrual basis. Where fees are received for more than one accounting period, the amount relating to the subsequent accounting period is accounted for as income received in advance and recognised in profit or loss as it accrues to the Council. Other fees are recognised as they are received.

1.6 Finance income and finance costs

Finance income comprises interest income on funds invested (including available for sale financial assets), dividend income and gains on the disposal of available for sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividends are recognised when the right to receive payment is established.

1.7 Financial instruments

Measurement

Financial instruments are recognised when the entity becomes a party to the contract and are initially measured at fair value which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. The Council's investments in equity securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available for sale equity instruments are recognised in other comprehensive income and presented in equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.7 Financial instruments

Trade and other receivables

Trade and other receivables originated by the Council are measured at amortised cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the Council's cash management and is included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Council has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.8 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

Individually significant assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.8 Impairment

Financial assets (continued)

All impairment losses are recognised in profit or loss against an allowance account for each class of financial asset. Interest on impaired financial assets continues to be recognised. Any cumulative loss in respect of available-for-sale financial assets recognised previously in equity is transferred to profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Non-financial assets

The carrying amounts of the Council's non-financial assets, other than investment property and inventories are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such impairment exists, then the asset's recoverable amount is estimated.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.9 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries, wages, annual and sick leave represent the amount which the Council has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provision has been calculated at undiscounted amounts based on current salary and wage rates.

Retirement benefits

The Council provides post-employment medical aid benefits to their retirees. The total value of the contractual liability was recognised on 31 March 2011.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Council's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Council's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Council, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Council if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The Council recognises all actuarial gains and losses arising from the defined benefit plan in other comprehensive income.

1.10 Comparative figures

Where necessary, the comparative figures have been restated.

Notes to the Annual Financial Statements

For the year ended 31 March 2011

1.11 Statements and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2011, and have not been applied in preparing these annual financial statements:

Standard/Interpretation		Effective date
IAS 12 amendment	Deferred tax: Recovery of Underlying Assets	Annual periods beginning on or after 1 January 2012
IAS 24 (AC 126) (revised)	Related Party Disclosures	Annual periods beginning on or after 1 January 2011
IAS 32 (AC 125) amendment	IAS 32 (AC 125) Financial Instruments: Presentation: Classification of Rights Issues	Annual periods beginning on or after 1 February 2010
11 individual amendments to 6 standards	Improvements to International Financial Reporting Standards 2010	Amendments are effective for annual periods beginning on or after 1 July 2010
IFRS 1 (AC 138) amendment	Limited exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Annual periods beginning on or after 1 July 2010
IFRS 1 amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Annual periods beginning on or after 1 July 2011
IFRS 7 (AC 144) amendment	Disclosures– Transfers of Financial Assets	Annual periods beginning on or after 1 July 2011
IFRS 9 (2009) (AC 146)	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 9 (2010) (AC 146)	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRIC 14 (AC 447) amendment	Prepayments of a Minimum Funding Requirement	Annual periods beginning on or after 1 January 2011
IFRIC 19 (AC 452)	Extinguishing Financial Liabilities with Equity Instruments	Annual periods beginning on or after 1 July 2010

The Council is of the opinion that most of these standards will not have an impact on financial reporting in future.

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

2. Properties, equipment and motor vehicles

	Depreciation	Cost / valuation	Accumulated depreciation	Carrying amount
2011		R	R	R
Land	%	6 264 151	-	6 264 151
Buildings	0	33 735 849	822 877	32 912 972
Motor vehicles	20.00	204 144	167 329	36 815
Office equipment	16.67	5 011 822	3 013 743	1 998 079
Computer equipment	33.33	3 311 344	2 912 323	399 021
		<u>48 527 310</u>	<u>6 916 272</u>	<u>41 611 038</u>

	Depreciation	Cost / valuation	Accumulated depreciation	Carrying amount
2010	%	R	R	R
Land	0	6 264 151	-	6 264 151
Buildings	2.00	33 735 849	-	33 735 849
Motor vehicles	20.00	204 144	137 196	66 948
Office equipment	16.67	4 246 070	2 460 146	1 785 924
Computer equipment	33.33	3 189 020	2 582 318	606 703
		<u>47 639 234</u>	<u>5 179 660</u>	<u>42 459 574</u>

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010 R	Additions R	Depreciation R	2011 R
<i>Movement in carrying value</i>				
Land	6 264 151	-	-	6 264 151
Buildings	33 735 849	-	822 877	32 912 972
Motor vehicles	66 948	-	30 133	36 815
Office equipment	1 785 923	765 752	553 596	1 998 079
Computer equipment	606 703	122 324	330 006	399 021
	<u>42 459 574</u>	<u>888 076</u>	<u>1 736 612</u>	<u>41 611 038</u>

	2009 R	Additions R	Depreciation R	2010 R
<i>Movement in carrying value</i>				
Land	4 016 887	2 247 264	-	6 264 151
Buildings	20 138 311	14 095 806	498 268	33 735 849
Motor vehicles	97 082	-	30 134	66 948
Office equipment	2 146 089	198 126	558 292	1 785 923
Computer equipment	518 372	561 635	473 304	606 703
	<u>26 916 741</u>	<u>17 102 831</u>	<u>1 559 998</u>	<u>42 459 574</u>

Properties comprise the following:

Pretoria property:

Erf 1325, Arcadia Township, Pretoria with office buildings thereon (measuring 4 172 m²)

3. Investments

	2011 R	2010 R
<i>Listed investments</i>		
11 206 (2010 – 11 206) Shares in Sanlam Limited	200 598	181 704
13 400 (2010 – 13 400) Shares in Old Mutual PLC	309 286	278 693
	<u>509 884</u>	<u>460 397</u>

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

4. Trade and other receivables

	2011	2010
	R	R
Deposits	49 893	468 693
Pre-paid expenses	311 860	291 868
Staff loans and advances	24 372	54 828
Sundry debtors	845 647	173 367
	<u>1 231 772</u>	<u>988 756</u>

5. Cash and cash equivalents

	2011	2010
	R	R
Salaries account	1 387 269	18 781
Call accounts	-	47 111 559
Current accounts	6 723 879	1 909 072
Deposit accounts	97 190 243	18 939 850
Savings accounts	4 018	4 018
Petty cash and cash floats	479	892
	<u>105 305 888</u>	<u>67 984 172</u>

6. Non-current asset held for sale

Investment property held for sale	<u>500 000</u>	<u>500 000</u>
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The non-current asset held for sale comprises of the property held in Bisho. The Council decided to dispose of its share of the property for R900 000 which is jointly held with the Health Professions Council of South Africa (HPCSA). The property is still classified as held for sale at 31 March 2011 as a result of a delay in transferring the property into the new owner's name, which was not within the control of the Council. In terms of the sales agreement, the risks and rewards of ownership only transfer on registration of the property in the buyer's name.

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Notes to the Annual Financial Statements

For the year ended 31 March 2011

7. Non-distributable reserve

	2011	2010
	R	R
Opening balance	43 783 246	27 440 176
Revaluation of land and buildings	-	16 343 070
	<u>43 783 246</u>	<u>43 783 246</u>

8. Trade and other payables

	2011	2010
	R	R
Trade and other payables	63 199 176	54 404 563
- Accounts payable and accruals	7 487 460	6 615 038
- Annual fees received in advance	50 277 002	44 788 460
- Deferred Income	2 258 550	-
- Income received in advance	877 567	-
- Payroll related liabilities	1 656 517	-
-Value-added tax	642 080	3 001 065
	<u>63 199 176</u>	<u>54 404 563</u>

9. Taxation

Provision for taxation is not necessary as the Council is exempt from paying income tax in terms of Section 10(1) (cA)(i) of the Income Tax Act.

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

10. Employee benefits

Retirement benefit

The Council provided retirement benefits for all its permanent employees through a funded defined benefit provident fund that is subject to the Pension Funds Act, 1956 (as amended). This was changed during the current financial year (1 January 2011) from defined benefit fund to defined contribution fund. A valuation of the fund was performed on conversion date and the resulting gains and losses recognised in profit or loss. The process of converting from a defined benefit fund to a defined contribution fund is still ongoing and the settlement of the defined benefit fund is subject to approval by the Financial Services Board, which is also still pending.

	2011	2010
	R	R
<i>Statement of financial position</i>		
Projected benefit obligation	55 481 000	51 135 000
Fair value of plan assets	(53 190 000)	(47 966 000)
Net obligation	<u>2 291 000</u>	<u>3 169 000</u>

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

Expense recognised in profit/loss and included in fixed and administrative expenses

	2011	2010
	R	R
Service cost	4 669 000	3 682 000
Interest cost	5 037 000	3 876 000
Expected return on assets	(4 761 000)	(4 233 000)
Change in Section 59 amount	-	(2 709 000)
Actuarial gain/loss recognised	(1 007 000)	3 411 000
Member contribution and risk benefits	(1 122 000)	443 000
Amount recognised in profit/loss	<u>2 816 000</u>	<u>4 470 000</u>

Reconciliation of financial position items

Plan liability

Opening balance	51 135 000	50 270 000
Service Costs	4 669 000	5 484 000
Interest costs	5 037 000	4 741 000
Actuarial (gain)/loss	(2 116 000)	2 577 000
Benefits paid	(3 244 000)	(11 937 000)
Closing value	<u>55 481 000</u>	<u>51 135 000</u>

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Notes to the Annual Financial Statements

For the year ended 31 March 2011

10. Employee benefits (continued)

	2011	2010
	R	R
Plan assets		
Opening balance	47 966 000	50 139 000
Actual return	3 652 000	3 935 000
Expected return	4 761 000	4 466 000
Actuarial loss	(1 109 000)	(531 000)
Contributions by participants	4 816 000	5 829 000
- Members	1 122 000	1 359 000
- Employer	3 694 000	4 470 000
Benefits paid	(3 244 000)	(11 937 000)
Closing balance	53 190 000	47 966 000

The key assumptions used in the actuary's projected contractual liability calculations at reporting date are set out below:

Salary increase rate	7.1%	7.1%
Discount rate	9.1%	9.6%
General inflation rate	6.1%	6.0%
Expected return on assets	9.1%	9.6%

The SA 85-90 Ultimate Mortality table was used in estimating the expected mortality experience.

The yield on fixed interest government bonds is used to determine the overall expected return.

Post-employment medical aid benefits

The Council provides post-retirement medical aid benefits to all employees and continuation and widow(er) members who participate in the Bestmed Medical Scheme, Bonitas Medical Fund and Oxygen Medical Scheme.

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

10. Employee benefits (continued)

The actuarial valuation of the post-employment medical aid liability performed at 31 March 2011 reported a contractual liability amounting to R21 667 906 (2010: R18 524 920).

	2011 R	2010 R
Financial position		
Projected benefit obligation	<u>21 667 906</u>	<u>18 524 920</u>
Net obligation recognised in financial position	<u>21 667 906</u>	<u>18 524 920</u>
Statement of comprehensive income		
Interest cost	1 643 920	1 554 867
Benefits paid	(1 531 149)	(1 524 208)
Actuarial loss recognised	(3 030 215)	(941 577)
Amount recognised in statement of comprehensive income	<u>(2 917 444)</u>	<u>(910 918)</u>
Reconciliation of statement of financial position item		
Opening value	18 524 920	19 435 838
Interest cost	1 643 920	1 554 867
Actuarial loss/(gain)	3 030 215	(941 577)
Payment made to pensioners	(1 531 149)	(1 524 208)
Closing value	<u>21 667 906</u>	<u>18 524 920</u>
Sensitivity to medical inflation assumption		
1% increase in medical inflation		
Increase in defined benefit obligation	1 768 101	1 519 043
Percentage increase	8.16%	8.20%
1% decrease in medical inflation		
Decrease in defined benefit obligation	(1 568 756)	(1 344 909)
Percentage decrease	-7.24%	-7.26%

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Notes to the Annual Financial Statements

For the year ended 31 March 2011

The key assumptions used in the actuary's projected contractual liability calculations at reporting date are set out below:

Healthcare cost inflation	7.91%	6.9%
Discount rate	9.24%	9.0%
Normal retirement age	60.0	60.0

The PA(90) curve used for annuitants by the life industry was used in estimating post-retirement mortality.

11. Cash generated by operations

	2011	2010
	R	R
Net surplus/(deficit) for year	24 919 211	(25 283 303)
Adjusted for:		
- Investment income	(15 388)	-
- Finance Income	(3857602)	(2 731 686)
- Finance Costs	1 476	-
- Depreciation	1 736 612	1 559 998
Operating income before working capital changes	22 784 309	(26 454 991)
(Decrease)/Increase in inventory	(133 754)	40 332
(Increase)/Decrease in trade and other receivable	(243 016)	168 247
Increase in trade and other payables	9 362 120	44 531 524
Increase in provision for leave accrual	303 633	151 700
	32 073 292	18 436 812

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

12. Revenue

	2011	2010
	R	R
Services rendered	<u>83 356 232</u>	<u>27 423 197</u>

Services rendered comprise the following:

Annual fees – Registered and enrolled persons	61 429 691	13 930 383
Registration fees	4 546 520	3 622 904
- Nurses	969 480	763 169
- Midwives	489 126	298 725
- Students	2 349 206	1 954 540
- Additional qualifications	738 708	606 470
Enrolment fees	341 257	458 543
Examination fees	6 531 049	5 220 609
Restoration fees	8 418 835	1 713 572
Application fees	158 631	160 255
Licence fees – nursing agencies	35 959	72 390
Verification fees	296 313	366 904
Inspection fees	-	84 737
Accreditation visits	11 874	2 338
Confirmations and duplications	42 186	47 702
Sale of distinguishing devices	1 543 917	<u>1 742 860</u>
Total	<u>83 356 232</u>	<u>27 423 197</u>

13. Results from operating activities

Personnel Costs	33 204 264	34 005 264
Depreciation	1 736 612	1 559 998
Audit fees	544 000	876 000

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

14. Related parties

The related parties were identified as the council members and the members of the standing committees. Refer to the Council Report for a detailed list of the council members.

Transactions with the related parties include members' allowances and expenses at rates determined by the Council. An amount of R1 773 130 was paid as members' allowances in the financial year that ended on 31 March 2011 (2010: R1 056 810).

Key Personnel Compensation for the period was as follows:

Key personnel compensation
For year ended 31 March 2011

	Total
	R
Senior Manager: Information Management	764 905
Deputy Registrar *	852 809
Senior Manager: Human Resources	423 772
Chief Financial Officer #	802 352
Senior Manager: Project Coordinator###	560 114
Senior Manager: Provider Affairs **	433 947
Registrar and CEO ***	776 879
Total	<u>4 614 778</u>

Key personnel compensation
For year ended 31 March 2010

	Total
	R
Senior Manager: Information Management	701 768
Deputy Registrar*	916 508
Senior Manager: Human Resources	388 586
Chief Financial Officer	321 615
Registrar and CEO ##	241 523
Total	<u>2 570 000</u>

Legend:

* Includes acting allowance as Registrar

Resigned on 30 June 2009

Appointed during the year (1 June 2010)

Salary is for full year

** Resigned on 31 December 2010

***Appointed on 1 July 2010

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15. Financial instruments

15.1 Currency risk

The Council is not exposed to any currency risk as it trades in the South African Rand and does not do any transacting with any foreign currency.

15.2 Interest rate risk

The entity exposure to interest rate risk is moderate as cash which will not be required in the next 30 days is invested in money market bank accounts to earn investment income. The Council's investments are valued at fair value, using the market price of the investment as at year-end.

15.3 Liquidity risk

The entity is not exposed to any liquidity risk as it has minimal financial liabilities and the entity's cash resources are sufficient to meet any commitments that will fall due during the financial year.

31 March 2011				
Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	Less than 1 year	2 – 5 years
Trade payables	62 557 096	62 557 096	62 557 096	-
31 March 2010				
Non-derivative financial liabilities	Carrying Amount	Contractual cash flows	Less than 1 year	2 – 5 years
Trade receivables	988 756	988 756	988 756	-
Trade payables	51 403 498	51 403 498	51 403 498	-

15.4 Credit Risk

Credit risk is the risk of financial loss to the entity if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from an entity's receivables from customers and investment securities. The entity's exposure to credit risk is minimal as it has limited receivables with no foreign debtors as well as limited investments. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:

	Carrying amount	
	2011	2010
	R	R
Trade and other receivables	1 336 054	988 756

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South African Nursing Council

Notes to the Annual Financial Statements

For the year ended 31 March 2011

16. Contingent liability

Litigation

The Council is defending action brought by a supplier. While liability is not admitted, if defence against the action is unsuccessful, fines and legal costs could amount to R12.6 million. Based on legal advice, the Council does not expect the outcome of the action to have a material effect on the Council's financial position.

17. Public Finance Management Act

In the financial statements for the year ended 31 March 2010, it was disclosed that there was uncertainty regarding whether the Council was required to register with the Department of National Treasury as an entity under the ambit of the Public Finance Management Act (PFMA). It was subsequently confirmed through the receipt of an opinion from the Department that the South African Nursing Council (SANC) is outside the scope of the PFMA until such time that amendments to the PFMA may bring the SANC into the scope of the PFMA. Only at this stage would consideration be given to list the SANC as a public entity. No further disclosure is therefore required in this regard at this stage.

18. Correction of error on receivables

Receivables in respect of annual fees were previously estimated based on receipts up to 30 June of each financial year; the cut-off date for payments by registered nurses. Payment of the annual fee by nurses is voluntary and the Council does not have a contractual right to receive the annual fee. Transactions with the Council are only concluded by the nurses on registration and as registration and payment takes place simultaneously; the estimation of receivables after 31 March 2010 was incorrect. The effect of correcting the error during the current reporting period was as follows:

	R
Decrease in Output VAT	44 002
Decrease in Retained surplus	78 575
Decrease in Income received in advance	235 724
Decrease in Debtors	358 300

19. Commitments

	R
Contracted for office automation	821 345

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Annexure 1

	2011 R	2010 R
Fees	82 424 714	26 889 362
Annual fees – Registered and enrolled persons	61 429 691	14 008 958
Registration fees	4 546 520	3 622 904
- Nurses	969 480	763 169
- Midwives	489 126	298 725
- Students	2 349 206	1 954 540
- Additional qualifications	738 708	606 470
Enrolment fees	341 257	458 543
Examination fees	6 531 049	5 220 609
Restoration fees	8 418 835	1 713 572
Application fees	158 631	160 254
Licence fees – nursing agencies	35 959	72 390
Verification fees	296 313	366 904
Inspection fees	-	84 737
Accreditation visits	11 874	2 338
Net surplus on sale of distinguishing devices	612 398	1 130 451
- Sales	1 543 917	1 742 860
- Cost of sales	(931 519)	(612 409)
Confirmations and duplications	42 187	47 702
Income from investments	3 872 990	2 731 686
Interest income	3 857 602	2 731 686
Dividend income	15 388	-
Other income	2 215 748	1 091 216
Sale of printed matter	260 185	137 344
Rent received	122 758	101 123
Admission of guilt fines	7 000	16 880
Sundry income	1 767 259	835 869
Discount received	58 546	-
Total	89 285 402	30 712 266

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Annexure 2

	2011 R	2010 R
Personnel expenses	33 118 764	34 005 264
Salaries	26 133 545	25 781 035
Provident fund contributions	2 078 500	4 033 929
Medical aid contributions	1 564 680	2 919 341
Housing subsidy	505 822	-
Leave pay provision	480 401	451 700
Skills development levy	281 640	533 699
Staff training	-	12 620
Compensation commissioner	205 815	-
Unemployment insurance	193 917	195 055
Provision for bonuses	1 094 609	(257 666)
Long service and merit awards	41 828	-
Relocation of staff	84 210	-
Employee assistance programme	106 002	-
Advertising for staff	347 795	335 551
Meeting expenses	5 241 961	3 534 265
Meetings held	84 085	361 429
Members' allowances	552 436	333 489
Accommodation	927 621	-
Subsistence allowances	71 548	56 377
Transport allowances	1 136 609	861 048
Examiners and invigilators	2 138 095	1 921 922
Translation and transcribing services	307 954	-
General expenses	23 613	-

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	2011	2010
	R	R
Other expenditure	25 233 515	18 816 688
Audit fees	544 000	876 000
Admin costs	117 535	-
Bank charges	1 310 591	1 031 462
Accommodation	493 739	194 752
Acting allowance	55 549	-
Computer licence fees	269 558	415 817
Consulting fees	1 590 114	2 324 784
Bad debts	196 047	-
Catering	428 271	280 635
Cleaning services	365 473	346 188
Computer services	123 474	-
Courier	994 856	-
Depreciation	1 736 603	1 559 997
Entertainment	23 414	6 000
Functions and seminars	135 229	158 024
General expenses	82 229	24 038
Gifts	11 806	-
Hire of equipment	568 330	804 810
Insurance	112 124	47 955
Interest paid	1 477	60 669
IT services	207 880	216 164
Legal expenses	590 117	-
Loss on sale of asset	-	-
Municipal rates and taxes	404 580	538 036
Office bearer allowance	44 739	13 509
Penalty charges	61 930	-
Postage and packaging	1 670 304	2 316 982
Investment revaluation	(49 486)	(48 661)
Uniforms	6 031	7 351
Advertising	287 988	30 315
Security costs	478 940	510 349
Sub Total	12 863 442	11 715 176

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Annexure 2

	2011 R	2010 R
Subtotal – carried forward	12 863 442	11 715 176
Staff training	89 595	12 620
Provision for litigation	300 000	300 000
Provident fund and medical aid expense	5 922 907	3 363 401
Printing and stationery	1 530 838	1 474 403
Rent paid – Office equipment	160 313	22 358
Refreshments	114 755	80 325
Recoveries	(35 978)	-
Maintenance and repair expenses	231 977	140 223
Subscriptions	57 271	-
Refund on advances	424 537	-
Secretariat services	81 924	-
Secure collections	75 707	-
Service level agreements	64 350	-
Stationery	656 985	379 225
Teambuilding	16 500	-
Telephones	582 180	557 691
Valuations	362 938	-
Venue hire	299 466	-
Waste disposal	-	126
Workshops	177 482	-
Travelling	766 037	334 784
Vehicle running expenses	34 363	30 300
Water and electricity	455 927	406 056
Total	63 594 240	56 356 217

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Definitions

Act	Nursing Act, No. 33 of 2005
Auxiliary midwife	a person who, prior to the commencement of this Act, was enrolled or eligible to be enrolled with Council as such
Auxiliary nurse	a person registered as such in terms of Section 31 of the Nursing Act 33 of 2005
Midwife	a person registered as such in terms of Section 31 of the Nursing Act 33 of 2005
Nursing Education Institution	any nursing education institution accredited by the Council in terms of the Act
Profession nurse	a person registered as such in terms of Section 31 of the Nursing Act 33 of 2005
Registrar	the person appointed in terms of Section 18 of the Nursing Act 33 of 2005
Scope of practice	the scope of practice of a practitioner that corresponds to the level contemplated in Section 30 in respect of that practice
Staff nurse	a person registered as such in terms of Section 31 of the Nursing Acts 33 of 2005
Council	the South African Nursing Council contemplated to Section 2 of the Nursing Act 33 of 2005
The Minister	the Minister of Health
National Department	the Department of Health

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Acronyms

CPD	Continuous Professional Development
ETQA	Education and Training Quality Assurer
NHI	National Health Insurance
NEIs	Nursing Education Institutions
NLRD	National Learner Record Database
SANC	South African Nursing Council
SAQA	South African Qualifications Authority
NDoH	National Department of Health
NQF	National Qualifications Framework
HEQF	Higher Education Qualifications Framework
EXCO	Executive Committee
FICA	Financial Intelligence Centre Act, 2001
HPCSA	Health Professional Council of South Africa
EDCO	Education Committee
HR	Human Resource
ICT	Information and Communications Technology
SA GAAP	South African Standards of Generally Accepted Accounting Practice
IFRS	International Financial Reporting Standard
VAT	Value Added Tax
PAYE	Pay As You Earn

South African Nursing Council

Notes

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Notes

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