

WESTERN CAPE PROVINCIAL PARLIAMENT



PART C
GOVERNANCE



Standing Committee on Community Safety, Cultural Affairs and Sport oversight visit to a police station in George



Western Cape learners at the annual Youth Parliament held at Parliament

1. Introduction

The Accounting Officer (AO) is accountable for the realisation of Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework and the Directorate Enterprise Risk Management (D:ERM) in the Department of the Premier provides a service agency support to the Western Cape Provincial Parliament. The service to the Provincial Parliament from D:ERM commenced in July 2012 and is regulated by a Memorandum of Understanding (MOU). This service systematically drives a sustainable ERM journey.

2. Risk Management

In compliance with the National Treasury Public Sector Risk Management Framework and to further embed risk management, the Provincial Parliament adopted an ERM Policy which sets out the Provincial Parliament's overall intention with regard to ERM.

An ERM Implementation Strategy has been developed in order to attain the Enterprise Risk Management Plan of the Provincial Parliament. This will ultimately enable the Provincial Parliament to deliver on its institutional goals, objectives and indicators, enhance risk, informed decision making and optimise compliance with applicable legislation. It further outlines the roles and responsibilities of Managers and staff in embedding risk management in the Provincial Parliament and defines the enabling legislation, standards, mechanisms, tools and resources to be used to realise the ERM plan.

The Provincial Parliament has an established Enterprise Risk Management Committee (ERMCO). The ERMCO members have been formally appointed. During the year under review the ERMCO met on a quarterly basis to monitor the risk profile and risk treatments of the Provincial Parliament. Risk assessments are conducted on a strategic and programme level on a quarterly basis. The aforementioned risk assessments enables the Provincial Parliament to review and update existing risks, and to identify emerging risks. Significant risks relevant to their objectives are assessed in terms of its likelihood and impact; risk treatment plans with target dates are developed and managed by allocated risk owners.

The D:ERM further works closely with the appointed risk champion that assists in driving the ERM process in the Provincial Parliament.

3. Fraud and Corruption

The Provincial Parliament has a Fraud Prevention Strategy and Plan in place which is reviewed when necessary and also considered by the Enterprise Risk Management Committee. No cases of fraud were reported or detected in the period under review.

4. Minimising conflict of Interest

Supply Chain Management Officials complete a declaration of interest and have a specific code of conduct.

For each tender, committee members also sign declaration of interests.

For the period under review, no conflict of interests was declared.

5. Code of Conduct

The Provincial Parliament has a comprehensive Disciplinary Policy inclusive of a Code of Conduct for staff which was reviewed during the period under review.

6. Health, Safety and Environmental Issues

Health

The Western Cape Provincial Parliament forms an integral part and driver of the Integrated Safety and Security (ISS) Committee, which include role-players from the Department of the Premier, Provincial Treasury, Department of Community Safety and The Department of Transport and Public Works (DTPW).

The purpose of this Committee is to discuss health and safety issues which affect all occupants in the 7 and 15 Wale Street building complex (Legislature Building). To ensure that the kitchen facilities that are used by Members of the Provincial Parliament are in a good condition a monthly inspection is done, as well as a checklist with the Service Provider. On-going requests are logged through the DTPW helpdesk.

Safety

Safety and security in the building poses a challenge as there is no structured boundary as the entrance to the building is located on the steps of 7 and 15 Wale Street. Construction under the arches and in the C and D parking area was also challenging during the year as the traffic of both persons and vehicles had to be redirected to provide entry to the building without inconveniencing both Members and staff. No major incidents were reported during this period except for some damage to vehicles, but this had been attended to by the Department of Transport and Public Works.

The Security and Facility Management section ensured that the State of the Province Address (SOPA) was well organised. Prior to the event briefing meetings were held with SAPS to ensure the safety of Members, staff and distinguished guests.

The section also assisted with security arrangements for the Community Safety Bill when public hearings were held in Vredendal, Oudtshoorn, George, and Beaufort West.

Environment

The Provincial Parliament has received many complaints with regards to the air-conditioning system in this building and has approached the Department of Transport and Public Works to upgrade the air-conditioning system in the building. The project started in October 2012 and is on-going, with improved circulation within the building.

The other services which impact on the environment, such as refuse removal and recycling of office waste is outsourced to the Department of Transport and Public Works. On a quarterly basis the fumigation of the building is arranged.

7. Internal Control Section

Within the Internal Control section source documents of all transactions are audited before being stored for safekeeping. This manages the safekeeping of all financial source documentation. Internal Control performs inspections and identifies any internal control gaps within business processes. The areas inspected during the year were overtime, leave and acquisition management. These areas will be followed up in the new financial year to ensure that management action plans were implemented.

Internal Control further assists by performing monthly follow ups on any matters raised by the Auditor-General in the previous years, action plans of Internal Audit Reports and following up on SCOPA resolutions.

Fraud awareness is also vested within the section and implemented through awareness material and initiated at the orientation programme for new employees.

8. Report of the Audit Committee

Introduction

Internal Audit continued to be offered independently by the shared Internal Audit Activity that was corporatised to the Corporate Services Centre in the Department of the Premier.

In line with the PFMA and KING III the Internal Audit Activity provides the Audit Committee and Management with assurance that the internal controls relating to governance, risk management and control processes are adequate and effective.

Consistent with the PFMA and King III a risk-based 3-Year Rolling Strategic and Annual Operational Internal Audit Plan was approved by the Audit Committee, and the Audit Committee monitored the execution of the operational plan and Management's implementation of corrective actions.

No further funding was made available for the increase of Internal Audit capacity and this year the focus was on the optimal utilisation of the existing resources.

Internal Audit continues to recognise the role played by other assurance providers and envisage a combined assurance approach for the next year which will ensure that internal audit resources are applied to the most relevant risk areas.

The Western Cape Provincial Parliament is served by the shared Governance and Administration Audit Committee, and all members are independent members, appointed by the head of Provincial Treasury after consultation with the relevant Executive Authorities. The Audit Committee operates in accordance with the Terms of Reference which was approved on 18 July 2012.

The Audit Committee meets at least on a quarterly basis to give effect to its responsibilities as per the approved Terms of Reference. The Audit Committee further meets privately with the Executive Authority and Accounting Officer to discuss matters of concern.

AUDIT COMMITTEE REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee Members and Attendance

In terms of Cabinet Resolution 55/2007, the Western Cape Provincial Parliament (WCPP) is served by the Governance and Administration Cluster Audit Committee. The Audit Committee consists of the members listed below and should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, 7 meetings were held.

Name of Member	Number of Meetings Attended	Note
Mr M Burton	7	Chairperson from 01 January 2013
Mr Z Hoosain	6	Resigned - Chairperson until 30 November 2012
Mr L van der Merwe	7	
Mr K Larkin	7	
Ms J Gunther	7	
Mr Z Manjra	1	Appointed 01 January 2013

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as as contained therein.

The Effectiveness of Internal Control

We have reviewed the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA). Other than the matters reflected in the AGSA’s audit and management reports and the matters highlighted below, no material deficiencies in the system of internal control were noted.

During the year key control deficiencies were noted by Internal Audit in the following areas:

- Information and Communication and
- Occupational Health and Safety.

Corrective actions have been agreed by Management and are being monitored by the Audit Committee.

We previously mentioned that the Provincial Parliament has taken full responsibility and ownership for the implementation of the Enterprise-wide Risk Management (ERM) methodology and function. The challenge remains to institutionalise ERM throughout the Organisation. The Audit Committee noted a number of emerging risks and will monitor these on a regular basis.

We have fulfilled our mandate with regards to annual financial statements as mentioned below. We have reviewed and concur with management’s acceptance of the AGSA’s management report. We can confirm there are no unresolved issues.

The Audit Committee is satisfied with the content and quality of quarterly reports in respect of in-year management and quarterly performance reports submitted in terms of the PFMA prepared and issued by the Accounting Officer of the Provincial Parliament during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- Reviewed the WCPP's processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives as reported in the annual report;
- Reviewed material adjustments resulting from the audit of the WCPP; and
- Reviewed and where appropriate recommended changes to the interim financial statements as presented by the WCPP for the six months ending 30 September 2012.

The Audit Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements, and proposes that the Audited Annual Financial Statements be accepted and read together with the report of the AGSA.

Internal Audit

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk based Internal Audit plan, internal audit assessing the adequacy of controls mitigating the risks and the audit committee monitoring implementation of corrective actions.

The following internal audits were approved and completed during the year under review:

- Information and Communication;
- Banking & Payments;
- Supply Chain Management (Governance);
- Public Education and Outreach; and
- Occupational Health and Safety.

The Audit Committee remains concerned that further audit coverage is required to cover a significant percentage of High Risk Areas. The Audit Committee will encourage increased assurance over significant risks by overseeing the implementation of combined assurance principles.

Auditor-General's Report

We have reviewed the department's implementation plan for audit issues raised in the prior year on a quarterly basis. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings emanating from the current regulatory audit will be monitored by the Audit Committee on a quarterly basis.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the WCPP, the AGSA, Provincial Enterprise Risk Management Unit and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr M Burton
Chairperson of the Governance and Administration Cluster Audit Committee
15 August 2013