

WESTERN CAPE PROVINCIAL PARLIAMENT



ANNUAL REPORT 2016/2017

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WESTERN CAPE PROVINCIAL PARLIAMENT



PART A GENERAL INFORMATION



The Serjeant-at-Arms leading the procession to the Chamber for the Premier's State of the Province Address on 17 February 2017



A High Level Panel discussion on the impact of key legislation enacted since 1994 took place from 5 to 6 December 2016 in Cape Town. Led by former President Kgalema Motlanthe (middle), joined here by Mr Bernie Saal, youth delegate from Vredendal, Mr Lulamile Klaas, Chairperson of the Kwa-Noqaba Sector Forum, Speaker Sharna Fernandez, Mr Thanduxolo Williams, youth delegate from Murraysburg and, in front, Ms Patience Lunika of the Institute for the Advancement of the Disabled

1. GENERAL INFORMATION

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2. ACRONYMS

AO	Accounting Officer
ACDP	African Christian Democratic Party
AGSA	Auditor-General South Africa
ANC	African National Congress
AIDS	Acquired Immune Deficiency Syndrome
COPE	Congress of the People
DA	Democratic Alliance
D: ERM	Directorate Enterprise Risk Management
DoTP	Department of the Premier
DTPW	Department of Transport and Public Works
EFF	Economic Freedom Fighters
ERM	Enterprise Risk Management
ERMCO	Enterprise Risk Management Committee
ERP	Enterprise Resource Planning
FMIP	Financial Management Improvement Plan
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009
GRAP	Generally Recognised Accounting Practice
HDI	Historically Disadvantaged Individual
ICT	Information and Communications Technology
IFMS	Integrated Financial Management System
LOGIS	Logistical Information System
MOU	Memorandum of Understanding
NCOP	National Council of Provinces
PFMA	Public Finance Management Act, Act 1 of 1999 (as amended)
PID	Project Initiation Document
PSRMF	Public Sector Risk Management Framework
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SOP	Standard Operating Procedure
SLA	Service Level Agreement
WCPP	Western Cape Provincial Parliament

3. FOREWORD BY THE SPEAKER



Sharna Fernandez
Speaker

In terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009, I hereby table the Annual report of the Western Cape Provincial Parliament (WCPP) for the 2016/17 financial year.

The 2016/17 financial year has been an interesting but also a challenging one. In 2016/17 parts of our building, including the Chamber, were sealed off due to the discovery of blue asbestos. However, I have seen our staff come together and show resilience, determination and a shared sense of purpose, working effectively to ensure that the WCPP continued to perform its various core activities.

The WCPP was also actively involved in legislative sector initiatives. Most of these initiatives had to be funded by the WCPP. One of these initiatives was the hosting of the public hearings of the High Level Panel Assessments of the impact of legislation. The WCPP successfully led the organizing/ planning and execution of this event.

In 2016/17 our biggest project was the procurement and implementation of the Enterprise Resource Planning (ERP) system. Although we envisaged to have the system operational by the end of the reporting period, due to technical and cost implications the WCPP had to re-publish the tender. The ERP will be implemented in the 2017/18 financial year.

The WCPP continues to subscribe to good corporate governance. With our assurance providers, Internal Audit, Audit Committee and the Auditor-General of South Africa we effectively managed our risks, sharpened our controls and ensured compliance with applicable legislation, regulations and policies. I'm pleased to inform that the WCPP once again achieved a clean audit report.

In conclusion I wish to thank the Parliamentary Oversight Committee under the chairpersonship of Honourable Wiley for the support and robust oversight over the vote. I also wish to thank the Deputy Speaker and the Secretary and his team for the excellent support for the year.



Speaker
Sharna Fernandez
Date: 14 August 2017

4. REPORT OF THE ACCOUNTING OFFICER



Gilbert Lawrence
Secretary

4.1 Overview of the operations of the Western Cape Provincial Parliament

The 2016/17 financial year marked the second year of the Strategic Plan 2015/16 to 2019/20. It is also the second year of implementation of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), Act 10 of 2009.

During the 2016/17 financial year the WCPP had a total of 57 programme performance indicators and a total of 57 planned annual targets. The WCPP achieved 50 of its planned targets for the 2016/17 reporting period.

The following table lists the annual planned targets according to programme and indicates whether they were achieved or not. The reasons for the deviations for all the targets that were not achieved can be found in Part B – Performance Information of this report.

Programme	Number of performance indicators and planned targets according to the APP	Achieved	Not achieved or partially achieved
Programme 1: Administration	38	31	7
Programme 2: Facilities for Members and Political Parties	3	3	-
Programme 3: Parliamentary Services	16	16	-
Total	57	50	7

As at 31 March 2017 the WCPP had a total of 108 approved positions on its establishment, of which four positions were unfunded and 95 positions were filled. The WCPP had five vacancies, namely Deputy-Secretary: Procedural Services; Senior ICT Officer; ICT Assistant; Administration Clerk; two Researchers; Receptionist and Registry Clerk; and Service Officer.

As at 31 March 2017 the WCPP had three interns in its employ. They were allocated to Human Resources; Records Management and Information and Communication Technology.

The following key activities took place during the 2016/17 financial year:

Collaborative activities within the sector have increased during the latter part of the 2016/17 financial year. The older structures of forums were replaced with the following four clusters:

Cluster 1: Strategy and Governance;
Cluster 2: Core Business;
Cluster 3: Sector and International Coordination and Engagement; and
Cluster 4: Capacity Development and Knowledge Management.

The WCPP's participation in national legislative and outreach activities has been successfully coordinated in this period, including the National Youth Parliament; the National Women's Parliaments; the NCOP Provincial Visit Week focusing on Education and Health matters; as well as the high-level panel assessments of the impact of legislation on the triple challenges of poverty, unemployment and inequality; the equitable distribution of wealth, land reform, restitution, redistribution and security tenure; and national building and social cohesion.

In terms of sections 4 and 5 of the Members of the Western Cape Provincial Parliament Code of Conduct Act, Act 3 of 2002, the Registrar of Members' Interest investigates breaches of the Code and complaints. This function was performed by an official in the administration. During the 2016/17 financial year the Registrar investigated two complaints and submitted reports to the Conduct Committee.

A procedural hub has been established to assist the Secretary as Chief Procedural Officer to improve further the provision of administrative support and procedural advice for the House, committees and Members in the execution of the business of making laws, conducting oversight, and facilitating public involvement in these processes. This multidisciplinary-team approach will ensure that the presiding officers, chairpersons of committees and Members get the best possible advice from experts.

As the Enterprise Resource Planning system could not be implemented during the 2016/17 financial year, the WCPP converted its modified cash financial statements into GRAP-compliant financial statements as prescribed by the FMPPLA. The WCPP have also opted to utilise the Accounting Standards Board's Directive 8 for the 2016/17 financial statements.

The discovery of blue asbestos on the sixth floor led to the closure of the Chamber, kitchen, dining area and the meeting room, Caab de Goede Hoop. Arrangements were subsequently made to use the Chamber at 44 Wale Street as an alternative site for parliamentary meetings. The service transition, while difficult logistically, appeared to be, and was experienced by Members and staff, as seamless.

The support for the implementation of the parliamentary programme has been consistent and, despite the challenges brought about by the Chamber not being accessible for use, possible disruptions of the House and committee meetings have been minimised.

Project GROW, the 18-month Skills Development Programme for all the employees of the WCPP that will conclude during the 2017/18 financial year, focused on Leadership Competencies and Thinking Competencies. During November 2016, feedback from employees who attended the programme indicated that 92% of them enjoyed the programme, 86% indicated that it had a positive effect on their work and 84% indicated that it has benefited them in their broader life.

4.2 Overview of the financial results of the Western Cape Provincial Parliament

4.2.1 WCPP receipts

Receipts	2016/17			2015/16		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	5	62	(57)	5	70	(65)
Fines, penalties, and forfeits	-	48	(48)	-	-	-
Interest, dividends and rent on land	52	189	(137)	49	160	(111)
Sale of capital assets	-	-	-	-	13	(13)
Financial transactions in assets and liabilities	-	26	(26)	-	33	(33)
Total	57	325	(268)	54	276	(222)

Revenue collection in the WCPP is not significant and is limited to revenue received from parking; sale of meals to Members; sale of corporate gifts; commission on insurance; interest on bank account; and the sale of old or redundant assets.

The tariff charged for parking is based on a policy and is below market value. The WCPP retains a portion of parking fees as revenue, after paying over an agreed tariff to the Department of Transport and Public Works (DTPW).

Members of the WCPP pay for meals prepared by the onsite catering service provider, which is another source of revenue. The Members' meals are charged according to the Members' Facilities Guide which is approved by the Rules Committee and the Speaker.

The WCPP discloses revenue from interest received on the bank balance.

4.2.2 Programme expenditure

Programme name	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	61 769	55 228	(6 541)	52 852	50 455	(2 397)
Facilities for Members and Political Parties	44 238	43 035	(1 203)	41 719	40 155	(1 564)
Parliamentary Services	23 314	22 479	(835)	25 837	25 516	(321)
Total	129 321	120 742	(8 579)	120 408	116 126	(4 282)

In the 2016/17 financial year there was an under expenditure of R8 579 million.

During the 2016/17 year, expenditure control and monitoring mechanisms continued to monitor and interrogate current and projected expenditure with the aim of identifying early warning signs of over or under expenditure.

The core priority of the 2016/17 financial year was the implementation of the FMPPLA and the ERP system, as well as the migration from cash-based accounting to accrual-based accounting.

Rollovers

An amount of R8 579 million (in respect of the underspending on voted funds) and an amount of R268 000 (in respect of over-collected own revenue) were approved to be rolled over.

Virements

There were no virements during the period of review.

Irregular, fruitless and wasteful and unauthorised expenditure

There were four incidents of irregular expenditure during the 2016/17 financial year:

Date of discovery	Date reported to Accounting Officer	Payment date	Payment number	Amount	Name of service provider	Incident description	Status
24/02/2017	15/03/2017	08/03/2017	1311616	R49 683.36	Travel manor	No proper procedures were followed	Condoned
29/03/2017	-	31/03/2017	1311920	R17 100.00	Datacentrix	No pre-approval for the service was requested	Under investigation
24/05/2017	24/05/2017	2016/17	1310737, 1309404, 1310395, 1311122, 1310537, 1309648, 1310139, 1310264, 1310973, 1311477, 1311695, 1311895	R6 691.74	Various	Contravention of Policy	Under investigation
30/06/2017	30/06/2017	14/02/2017	1311452	R43 103.00	House of Monatic	Non-compliance to local content certification	Under investigation

It should be noted that although the expenditure was irregular, it was in accordance with the purpose of the institution and the expenditure was valid within the pursuit of the WCPP objectives for which it had been incurred.

4.2.3 Supply Chain Management

No unsolicited bid proposals were received or concluded for the fiscal period 2016/17.

Supply Chain Management (SCM) is an integrated function which deals with the acquisition (or procurement) and deployment of goods and services for the WCPP. The role of SCM extends from assisting with the specification of the goods or services required, through the tendering and bidding process to the receipt and delivery of the goods and, where goods are required for inventory purposes, their storage and issue for operational use.

The capacity in terms of improving the professionalisation of SCM remains a challenge but it can be mitigated with targeted training.

4.2.4 Gifts and donations received in kind from non-related parties

There were no material gifts or donations received in kind from non-related parties during the 2016/17 financial year.

4.2.5 Exemptions and deviations received from the National Treasury

None.

4.2.6 Events after the reporting date

There were no significant or material events that occurred after financial year end to the date of approval of the annual financial statements.

4.2.7 Compliance with 30-day payments

During 2016/17, 14 instances, to the accumulated value of R143 866.99 of payments settled in more than 30 days occurred during the year. The majority of these cases related to the process of liaising with service providers to obtain clarity and resolution on invoiced amounts and service discrepancies.

The root causes for these cases were investigated and identified, and remedial steps and additional controls (where needed) were implemented to eliminate the reoccurrence of such cases.

4.2.8 Acknowledgements or appreciation

I would like to thank the Speaker Sharna Fernandez for her support and guidance. A special thank you to the staff of the WCPP for their consistent hard work.



Accounting Officer
Gilbert Lawrence
Date: 10 August 2017

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the annual report are consistent;
- The annual report is complete, accurate and free from any omissions;
- The annual report has been prepared, where applicable to the WCPP, in accordance with the guidelines on annual reports as issued by National Treasury;
- The annual financial statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice as prescribed by section 56(1) of the Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009;
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information;
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements; and
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the WCPP for the financial year ended 31 March 2017.

Yours sincerely



**Accounting Officer
Gilbert Lawrence
Date: 10 August 2017**

6. STRATEGIC OVERVIEW

6.1 Vision

A dynamic, effective and efficient parliament supporting constitutional democracy

6.2 Mission

The parliamentary administration will provide quality parliamentary and corporate support to enable Members to fulfil their constitutional functions and to facilitate public involvement in parliamentary activities by:

- Providing quality support to the House and committees;
- Promoting public access and involvement in the law-making and oversight processes;
- Ensuring effective communication with all stakeholders;
- Ensuring seamless and synergistic parliamentary processes and systems;
- Investing in appropriately skilled staff;
- Providing a secure environment that is conducive to empowering and enabling Members and staff;
- Implementing and adhering to good corporate governance systems and monitoring mechanisms; and
- Managing resources effectively, efficiently and economically.

6.3 Core values

In striving for service excellence and best practice, the administration subscribes to the following core values:

Transparency: The WCPP represents the interests of the people of the Western Cape and is transparent in its operations and records. The WCPP communicates in an open and inclusive way.

Integrity: The WCPP demonstrates high ethical standards in its processes, systems, conduct and dealings with all stakeholders, both internal and external.

Professionalism: The WCPP strives towards efficiency of operations, informed decision-making and a general professional attitude by providing advice and services of a high quality. The WCPP strives to act on the basis of sound and established rules of procedure, facts, insight and experience.

Impartiality: The WCPP seeks to retain an impartial approach to conducting business by being non-partisan.

Efficiency: The WCPP renders an efficient service by utilising resources responsibly and cost-effectively.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandates

The core objectives of the WCPP are based on the following constitutional mandates:

(i) Constitution of the Republic of South Africa, 1996

The provincial legislatures are established in terms of Chapter 6 of the Constitution of the Republic of South Africa, 1996 ("the Constitution").

(a) Section 114(1) of the Constitution confers the power to make laws on provincial legislatures.

- (b) Section 114(2) of the Constitution provides that provincial legislatures must provide for mechanisms–
- to ensure that all provincial executive organs of state are accountable to it; and
 - to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation, and of any provincial organ of state.

- (c) Section 115 of the Constitution states, among other things, that a provincial legislature may summon any person to appear before it to give evidence; may require any person or provincial institution to report to it; and may receive petitions, representations or submissions from any interested person or institution.

The Western Cape Witnesses Act, Act 2 of 2006, further articulates these powers of compulsion; and the Western Cape Petitions Act, Act 3 of 2006, creates the framework for the receipt and processing of petitions.

- (d) Section 116(1) of the Constitution provides that provincial legislatures may determine and control their internal arrangements, proceedings and procedures; and may make rules and orders concerning their business with due regard to representative and participatory democracy, accountability, transparency and public involvement.

The Standing Rules of the Western Cape Provincial Parliament, as amended from time to time, give expression to the powers conferred by section 116(1) of the Constitution.

- (e) Section 117 of the Constitution concerns, among other things, the privileges of Members of provincial legislatures, notably the privilege of freedom of speech to be enjoyed subject to the rules and orders of the legislatures.

The privileges of Members have been codified in the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, Act 4 of 2004.

- (f) Section 118 of the Constitution places an obligation on provincial legislatures to facilitate public involvement in the legislative and other processes of the provincial legislatures and to conduct their business in an open manner.

(ii) Constitution of the Western Cape, 1997

The Western Cape is the only province with its own constitution. Together with the Constitution of the Republic of South Africa, 1996, it is the highest law in the Western Cape.

The Constitution of the Western Cape, 1997 (“the Provincial Constitution”), in as far as its empowering provisions are concerned, is essentially identical to the Constitution of the Republic of South Africa, 1996.

The Provincial Constitution does, however, provide for certain distinct legislative and executive structures that differ from certain structures in the Constitution. For example:

- (a) Section 9(1) of the Provincial Constitution refers to the Western Cape’s provincial legislature as the Western Cape Provincial Parliament, and section 13 provides that the WCPP consists of 42 Members;

- (b) Where section 111(1) of the Constitution provides that a provincial legislature must elect a Deputy Speaker, section 20(3) of the Provincial Constitution makes the election of a Deputy Speaker by the WCPP discretionary; and
- (c) Section 42 of the Provincial Constitution refers to Provincial Ministers whereas section 132 of the Constitution refers to members of the Executive Council.

7.2 Statutory mandates

(i) **Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009**

This Act regulates the financial management of Parliament and the provincial legislatures as well as oversight of the financial management of Parliament and the provincial legislatures.

(ii) **Money Bills Amendment Procedure and Related Matters Act, Act 9 of 2009**

This Act provides for the amendment of money bills in Parliament, and for norms and standards for the amendment of money bills in provincial legislatures.

(iii) **Mandating Procedures of Provinces Act, Act 52 of 2008**

This Act provides for a uniform procedure for provincial legislatures to confer authority on their delegations to cast votes on their behalf in the National Council of Provinces.

(iv) **Western Cape Witnesses Act, Act 2 of 2006**

This Act sets out the procedure for summoning witnesses to appear before committees or the House.

(v) **Western Cape Petitions Act, Act 3 of 2006**

This Act provides for the public to petition the WCPP and for the processing of petitions by the WCPP.

(vi) **Western Cape Law on the Powers and Privileges of the Provincial Legislature, Act 3 of 1995**

This Act, as amended, deals with the appointment of staff and the fixing of remuneration by the Speaker.

(vii) **Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, Act 4 of 2004**

This Act delineates the parliamentary precincts of Parliament and the provincial legislatures, and articulates the powers, privileges and immunities of Parliament and the provincial legislatures.

(viii) **Members of the Western Cape Provincial Parliament Code of Conduct Act, Act 3 of 2002**

This Act gives effect to section 27 of the Provincial Constitution by providing for a Code of Conduct governing the conduct of Members of WCPP. The Code of Conduct for Members of the Western Cape Provincial Parliament is premised on this Act.

(ix) **Western Cape Provincial Languages Act, Act 13 of 1998**

This Act provides for the use of the three official languages of the Province – Afrikaans, English and Xhosa – by the WCPP.

(x) **Remuneration of Public Office Bearers Act, Act 20 of 1998**

This Act provides a framework for the determination of salaries and allowances of public office-bearers.

(xi) Determination of Delegates (National Council of Provinces) Act, Act 69 of 1998

This Act provides for the determination of permanent and special delegates to the National Council of Provinces.

(xii) Electoral Act, Act 73 of 1998

This Act provides for the election of the National Assembly, provincial legislatures and municipal councils.

(xiii) Independent Commission for the Remuneration of Public Office-bearers Act, Act 92 of 1997

This Act provides for the establishment of a Commission to make recommendations concerning the salaries, allowances and benefits of public office-bearers.

(xiv) National Council of Provinces (Permanent Delegates Vacancies) Act, Act 69 of 1998

This Act makes provision for the filling of vacancies among permanent delegates to the National Council of Provinces.

(xv) National Key Points Act, Act 102 of 1980

This Act provides for the identification of national key points and for the safeguarding of national key points. The WCPP, situated at 7 Wale Street, Cape Town, was declared a national key point by the Minister of Police, making the Act operative in respect of the WCPP.

7.3 Case law

The following judgments inform the interpretation of the constitutional and statutory mandates of the WCPP:

(i) Certification of the Constitution of the Western Cape 1997 [1997] ZACC 8, and Certification of the Amended Text of the Constitution of the Western Cape, 1997 [1997] ZACC 15

These judgments culminated in the certification of the Provincial Constitution by the Constitutional Court.

(ii) Doctors for Life International v The Speaker of the National Assembly and Others (CCT 12/05)

This judgment dealt with the interpretation of section 118(1) (a) of the Constitution, and a provincial legislature's duty to facilitate public involvement in the legislative and other processes of the provincial legislature.

(iii) Ex parte President of the Republic of South Africa: In re Constitutionality of the Liquor Bill 2000 SA 732 CC

This judgment dealt with the domain of Schedule 5 exclusive provincial legislative competences in the context of the Constitution's distribution of legislative power, most notably the extent to which national legislation may intrude on these exclusive provincial competences.

(iv) Lindiwe Mazibuko, MP, Leader of the Opposition in the National Assembly v Max Vuyisile Sisulu, MP, Speaker of the National Assembly and Another [2013] ZACC 28

In this case the Constitutional Court held that the rules of a legislature must give effect to the rights and obligations imposed by the Constitution, and must provide for the vindication of Members' constitutional rights in a legislature.

(v) Mario Gaspare Oriani-Ambrosini, MP v Maxwell Vuyisile Sisulu, Speaker of the National Assembly ZACC 27 [2012]

In this judgment the Constitutional Court held that a legislature cannot restrict the power of an individual (private) member of that legislature to introduce legislation in that legislature.

(vi) Mosiuoa Lekota and Another v The Speaker, National Assembly and Another (Western Cape High Court) case no: 14641/12

This judgment was concerned, in the first instance, with restrictions placed on Members' freedom of speech by the rules of a legislature and, in the second instance, with the limits of judicial oversight over legislatures.

(vii) Premier: Limpopo Province v Speaker: Limpopo Provincial Legislature and Others ZACC 25 [2011]

This judgment dealt with the interpretation of section 104 of the Constitution in the context of the provincial legislatures' capacity to legislate on the management of their own financial affairs, and concluded that the provincial legislatures do not have this legislative capacity.

(viii) Stephen Segopotso Tongoane and Others v Minister for Agriculture and Land Affairs and Others CCT 100/09 [2010] ZACC 10

The judgment confirms that any Bill that substantially affects the interests of the provinces must be enacted in accordance with the procedure stipulated in section 76 of the Constitution.

(ix) Premier of the Province of the Western Cape and Another v Electoral Commission and Another 1999 (11) BCLR 1209 CC

In this judgment the Constitutional Court held that the Province may determine the number of Members in its provincial legislature in the Provincial Constitution. A provincial constitution may permit a province to provide for distinct legislative structures and procedures in order that provinces may establish their own distinct legislatures.

(x) The Speaker of the National Assembly v Patricia de Lille, MP and Another (Supreme Court of Appeal) case no: 297/98

The court held that freedom of speech in a legislature may be limited by the rules and orders of a legislature, provided that the limitation has due regard to representative and participatory democracy, accountability and public involvement.

(xi) Economic Freedom Fighters v Speaker of the National Assembly and Others CCT 143/15

In this case the Constitutional Court found that the structures or measures employed by a legislature to have oversight of executive organs of state are to be determined by the legislature itself, but that such measures must in substance and reality amount to oversight.

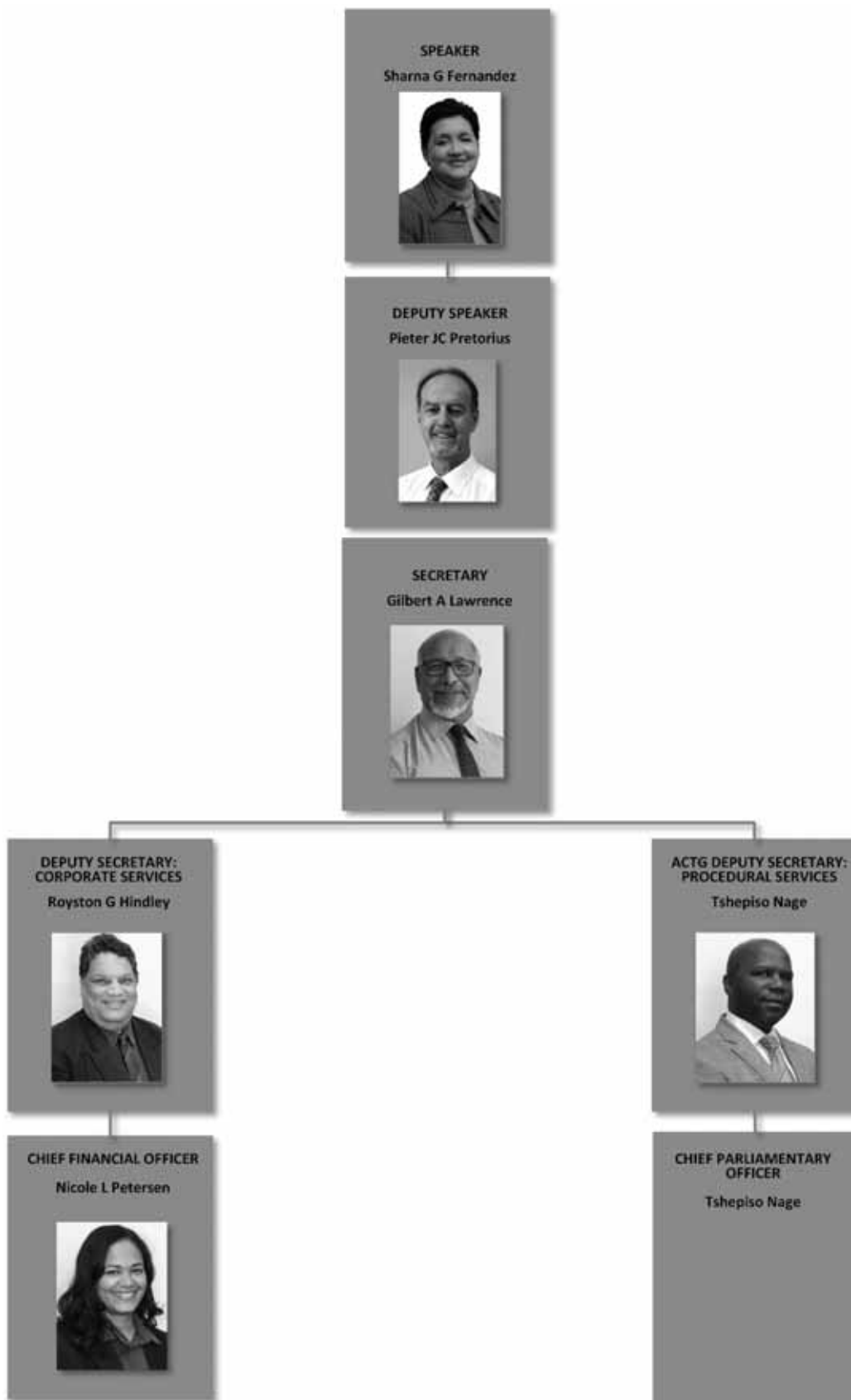
(xii) Democratic Alliance v Speaker of the National Assembly and Others CCT 86/15

In this case the Constitutional Court found that section 11 of the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, Act 4 of 2004, that authorised the arrest of Members who created or took part in a disturbance in the House, is unconstitutional. The Court also found that Members' freedom of speech may only be limited by the rules and orders of a legislature.

(xiii) Andries Molapi Tlouamma and Others v Speaker of the National Assembly and Others (Western Cape High Court) case no: 3236/15

In this case the Court considered the constitutional and legislative framework in which the legislatures in South Africa operate; interrogated the concept of separation of powers; considered the powers of the judiciary in relation to the principle of noninterference by other organs of state in parliamentary proceedings; and analysed the role of the Office of the Speaker in South African law.

8. ORGANISATIONAL STRUCTURE: EXECUTIVE AUTHORITY AND TOP MANAGEMENT



WESTERN CAPE PROVINCIAL PARLIAMENT



PART B PERFORMANCE INFORMATION



The King Bhele group of traditional dancers was one of the participants at a Heritage Day programme hosted by the WCPP to celebrate the cultural, religious and ethnic diversity of South African society



A legislative workshop was presented to learners of Spine Road High School on 19 January 2017

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the Auditor-General's report.

Refer to page 91 for the Report of the Auditor-General, published as Part E: Financial Information.

2 OVERVIEW OF THE WCPP'S PERFORMANCE

The FMPPLA, Act 10 of 2009, that regulates the financial management of Parliament and the provincial legislatures and exercises oversight over the financial management of Parliament and the provincial legislatures, came into effect on 1 April 2015.

Since the implementation of the Act, the WCPP has noted some concerns about the constitutionality of certain sections of the FMPPLA, Act 10 of 2009.

2.1 Service-delivery environment

The WCPP is one of nine legislatures that was established in terms of Chapter 6, sections 104 to 124 of the Constitution of the Republic of South Africa, 1996.

The core function of the administration of the WCPP is to provide support to its Members so that they can fulfil their constitutional mandate. To achieve this, the administration consists of three programmes and their main functional areas are as follows:

Programme	Main functional areas
Programme 1: Administration	<ul style="list-style-type: none"> • Perform functions in terms of relevant statutory provisions; • Render secretarial and office support services to presiding officers; • Formulate and execute policy and operational policies; • Establish norms and standards in compliance with relevant legislation and practices; • Manage corporate and procedural support services; • Provide communication and information services; legal support; financial management services; supply chain management services; internal control, human resources and Members' facility management services; administrative and information technology support services and security and facilities management services.
Programme 2: Facilities and Benefits to Members and Political Parties	<ul style="list-style-type: none"> • Payment of membership fees to parliamentary and related associations; state contributions to the medical aid of Continuation Members; and enabling allowances to compensate Members for expenses relating to official travel, accommodation and telecommunication. • Manage the payment of: constituency allowances to enable political parties represented in the WCPP to establish and maintain infrastructure in constituencies to serve the interests constituents; secretarial allowances to enable political parties represented in the WCPP to establish and maintain their own administrative infrastructure within the precincts of the WCPP; and conditional allowances to enable Members to arrange programmes within their constituencies in the interest of oversight, law-making and public participation in the WCPP.
Programme 3: Parliamentary Services	<ul style="list-style-type: none"> • Provide effective procedural and related support to the House and committees to enable oversight over the provincial executive authority and to ensure accountability.

Programme	Main functional areas
	<ul style="list-style-type: none"> • Provide public education programmes and administrative support to facilitate public involvement in the legislative and other processes of the WCPP.

Programme 1: Administration

The year under review saw the continued implementation of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA). The WCPP recorded close to 100% compliance with this Act.

For the second time in 2016/17, the annual financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practices (GRAP) as prescribed in section 56(1) of the Act. In the absence of a GRAP-compliant system, the WCPP has once again manually converted its financial statements from modified-cash basis to accrual-accounting principles. Ongoing training and the transfer of skills to Finance, Supply Chain Management and Human Resources officials have taken place.

In its efforts to have GRAP-compliant systems, the WCPP has embarked on the procurement of an Enterprise Resource Planning (ERP) system. An ERP system (Sage x3) was procured together with an implementation partner. The implementation of the system has taken longer than expected and the WCPP has had to revise its go-live date from 1 April 2017 to 1 October 2017.

The WCPP has continued to utilise the services of the Department of the Premier with regard to its internal audit function. During the reporting period Internal Audit produced four reports.

The risk-management function has been fully established and is currently being performed from the Office of the Secretary. During the period under review, the WCPP implemented the approved Enterprise Risk Management (ERM) Framework (policy, strategy and plan). The ERM Strategy and Plan for the 2016/17 financial year, which included quarterly risk assessments (strategic, operational and project level), a risk management training and awareness programme and regular reporting to internal and external oversight bodies, were designed to improve the maturity of our risk-management initiatives continuously. The Enterprise Risk Management Committee (ERMCO) exercises internal oversight over the ERM function quarterly to ensure that it meets the requirements of the ERM Strategy and Plan. Furthermore, the Governance and Administration (G&A) Cluster Audit Committee provided independent oversight over the ERM Strategy and Plan for the 2016/17 financial year.

The issue of the WCPP's accommodation challenges has been a discussion point for many years. The accommodation challenges include limited physical space for the administration and Members, limited seating in the public gallery, shared entrances, security, indistinct parliamentary precincts and a lack of control over building issues, including maintenance, parking, security and access.

In accordance with an instruction from the Rules Committee, the Secretary of the WCPP and the Head of the Department of Transport and Public Works were tasked with investigating and providing proposed solutions to the WCPP's accommodation challenges. A task team was formed to take the matter forward. It is envisaged that proposals made by the Secretary will be dealt with by the Rules Committee during the 2017/18 financial year.

Blue asbestos was discovered in certain areas of the building. The removal of the asbestos was carried out by an accredited service provider appointed by the Department of Transport and Public

Works. Upon completion, all areas were declared safe to use and the WCPP was thus able to host the State of the Province Address in the Chamber at 7 Wale Street.

Pertaining to security, a standard operating procedure for oversight visits was approved on 29 September 2016. Planning meetings are held between the Security and Facilities Management Section and the Committees Section prior to an oversight visit. 17 successful oversight visits were held.

Challenges due to capacity constraints are still experienced. There is a need to review security, especially after breaches of security at National Parliament and at other parliaments have been reported, and at the WCPP a disturbance in the public gallery in February 2017 led to disruptions in proceedings.

Performance management in the WCPP is conducted on a hierarchical, reviewable process whereby senior managers verify and sign off on performance information and the corresponding evidence files. On a sectional level, the Annual Performance Plan's targets and functional activities are contained in the operational plans of managers and monitored by the relevant senior managers.

The WCPP has since the 2014/15 financial year conducted an annual survey to measure the satisfaction levels of its clients, Members and staff of the support services they receive from the administration. Since the 2015/16 financial year, the WCPP has also developed and implemented a survey improvement plan to address the needs that were identified in the survey.

During 2016/17 the Members' response rate was not good and only two completed questionnaires were returned to the Office of the Secretary. In terms of the staff survey, 96 surveys were distributed and 67 completed surveys were received by the Office of the Secretary. The result of this survey indicated that 76% of staff scored a favourable total average score of "Good" and above on the quality of support service they received. However, this score was less than the planned score of 80%.

Individual performance is managed by a performance agreement that is agreed to and signed off by the employer and supervisor. Performance is assessed quarterly against the performance agreement.

The Parliamentary Oversight Committee continued to monitor the performance and financial management of the WCPP.

Programme 2: Facilities for Members and Political Parties

The WCPP is utilising the transversal systems of the National Treasury. These systems do not enable the Members' Affairs Section to make payments as and when the claims are submitted. This has an impact on the ability of the Section to render the quality of service that would be desired. The negative impact on Members is also frustrating and disincentivises them to do constituency work. The WCPP is, however, in the process of acquiring an integrated human resources, finance and procurement system that would address this challenge.

The WCPP's programme has been incredibly full for the past two years, which makes it challenging for the Members' Affairs Section to provide the Members with services that are outside of administrative functions. Efforts are made to enhance services by providing health days and a training programme is being developed for Members.

Formal academic training is arranged and funded by the Legislative Sector Support (LSS). Very few of the WCPP's Members are still participating in this programme.

In general, the Members are excellent in providing all the relevant documentation and submitting proof with their claims, resulting in the rate of claims processing to be very high. The enhanced mobility of e-claims also had a positive impact on Members.

Programme 3: Parliamentary Services

For the period under review, law-making and oversight activity were slightly affected by two occurrences, namely the local-government election campaign and the decommissioning of the Chamber for regular House sittings following the discovery and removal of asbestos in the area. Although this could have had a negative impact on the ability of the House to meet as frequently as in other normal years, problems were mitigated through a coordinated effort by all stakeholders in the Provincial Parliament to secure and utilise alternative accommodation, and through regular reviews of the parliamentary programme by the Programming Authority to make up for lost time.

Notwithstanding this slight inconvenience and the necessary adjustments that had to be made, all 23 plenaries that convened in this period were provided with seamless administrative support. Support was provided for all the plenaries, including the preparation of the relevant House Papers; the preparation of routine guides; and procedural advice as required. The output of procedural support included: four quarterly reports; the compilation, production and circulation of 194 House papers; and the preparation of 23 procedural guides for presiding officers. All the output of procedural support was quality-assured by management.

With regard to procedural advice, a total of 68 instances and/or output of procedural advice were provided to presiding officers and Members, according to the standard requirement or in response to requests. These included: considered rulings prepared for the presiding officers; recorded advice on procedural matters provided routinely to presiding officers; and advice and guidance on procedural matters provided routinely to Members or in meetings of internal committees.

The House approved a total of 241 resolutions of different type in this period, and all these were communicated and conveyed to third parties within the time frame of 15 working days as required.

During the period under review, the House met for 23 sittings, which represented 70 hours and 30 minutes of debating and deliberation. The table below reflects various activities of the House and statistical information on certain of the output related to plenary support services:

Activity	Total
Interpellations debated	17
Questions for oral reply processed	108
Questions for written reply processed	165
Opportunities for questions to the Premier without notice	4
Subjects for discussion put through debate	5
Matters of urgent public importance debated	1
Published Announcements, Tablings and Committee Reports (ATCs)	93

During this period, a total of three (3) bills were introduced in the Provincial Parliament and four (4) were actually finalised and passed into law.

In this period the committees of the WCPP continued to remain functional and executed their oversight and law-making function as effectively as possible with the dedicated support of the Committee Section’s team in collaboration with the other internal administrative support functions.

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The committees' support team has been able to ensure that all the committees were assisted to realise their planned oversight and legislative activities in accordance with the parliamentary programme, and to respond to the pieces of legislation and other activities emerging from the NCOP. As key parliamentary-programme activities, the committees were able to deliberate successfully and report to the House on the departmental annual reports, the Adjustment Appropriation Bill and the main Appropriation Bill. Other provincial bills deliberated upon and finalised in this period include the Western Cape Health Facility Boards Committees Bill and the Western Cape Liquor Amendment Bill. In addition, standing committees considered and processed four (4) NCOP bills. There were substantive engagements with the public and other interested stakeholders in the consideration of these bills. The committees were also enabled to undertake and report on a number of oversight visits to various service-delivery sites and projects. All these legislative and oversight activities were made possible because of effective planning and synergised efforts and approaches across various support functions. These collaborative efforts included procedural and legal advisory services, research support for content analyses, and public involvement in the committee processes facilitated through the Public Education and Outreach team.

Below is a table showing statistical information on the various activities of the standing committees for the 2016/17 financial year, excluding the Rules Committee, Chairpersons' Forum, Conduct Committee and Disciplinary Committee:

Activity	Total
Number of committee activities held	236
Number of public hearings held	74
Number of oversight visits undertaken	17
Number of cluster visits undertaken	2

Research output was provided to support the members of the standing committees relating to reactive, cyclical and proactive research services. A total of 60 research reports were produced during the reporting period, including 9 reactive; 4 cyclical and 47 proactive reports.

It is also in this period that the WCPP's Oversight and Accountability Policy was approved by the Executive Authority and, looking ahead to the 2017/18 period, steps will be taken to standardise and formalise the submission, consideration and reporting by committees on the departmental quarterly reports in order to enhance the in-year monitoring of departmental performance.

The process on the review of the Standing Rules could not be completed in the past year and will have to be resumed again in the 2017/18 period.

Regarding public participation in all the above-mentioned legislative and oversight processes, the WCPP fulfilled its mandate to involve the public through engagement in pre-hearing legislative education initiatives and through facilitating involvement in actual hearings. The Public Education and Outreach Section worked closely with the Committees Section and other support functions in order to support the standing committees by conducting education workshops targeted at the budget process, the annual reports process, and to support the petitions process.

In this period a total of 91 legislative education initiatives were implemented with schools, tertiary institutions, ward committees and specific sector events with the youth and women, 16 Days of Activism and HIV and Aids awareness programmes. The WCPP actively supported the national Youth Parliament and Women's Parliament in June and August respectively. From October, culminating in

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the public hearing events on 5 and 6 December 2016, the PEO Section anchored a multi-disciplinary team to facilitate a province-wide public awareness and involvement in the work of the high-level panel tasked with assessing the impact of key legislation enacted since 1994. This process was successfully implemented with more than 800 delegates from across the province attending the event.

The table below reflects various public education activities initiated and supported in the period under review:

Public Education Activity	Total
Number of legislative education workshops conducted and information sessions to support other events	67
Number of public hearings supported and petitions education workshops conducted	17
Special WCPP legislative education workshops in support of the Budget Committee and SCOPA; on the budget cycle (1) and annual reports (2)	3
Number of National Parliament or LSS events supported or implemented (Youth Parliament, Women's Parliament and high-level panel [HLP] public hearings over 2 days)	4

The WCPP's Public Participation Strategy was approved by the Executive Authority in this period during February 2017. The strategy spells out a range of interventions and mechanisms that should be implemented in order to increase and broaden participation in the legislative processes of the WCPP, and to create platforms for discussion and consensus-building on challenges facing the province. The strategy will be implemented incrementally, based on prioritisation, while taking the available resources and capacity into account.

Hansard services for this period included the recording, transcription and publication without fail of the unrevised and final revised record of proceedings for all 23 sittings of the House, within the stipulated time frames and in accordance with the SLA. A total of 8 Hansard books (volume 13 – Second Session; and volumes 1 to 6 – Third Session; and volume 1 – Fourth Session) were completed and published in this period.

On language services, of the total of 210 House Papers published in this period, 208 were fully translated to be available in all the three official languages on publication. This number is inclusive of Hansard transcripts which contained translations into English of the Xhosa and Afrikaans speeches. Interpreting services were provided for the combined 198 House sittings and confirmed committee meetings. To facilitate improvements in the quality and standardisation of language use, guideline manuals were developed and other reference material updated for use by practitioners working within and providing language services to the WCPP. These publications included writing style guides for both Afrikaans and English; a bilingual terminology list; a bilingual list of national acts; a trilingual list of provincial acts; and a code of ethics and conduct for interpreters.

2.2 Organisational environment

The Secretary and staff of the WCPP are appointed in terms of the Western Cape Law on the Powers and Privileges of the Provincial Legislatures, Act 3 of 1995.

The staff complement of the WCPP reduced over the past financial year. Two employees retired during the year. Recruitment and selection has, however, been running smoothly with five appointments through the year.

Dr Gilbert Lawrence's contract was extended and he will be fulfilling the role of the Chief Executive Officer and Accounting Officer of the WCPP until 31 March 2018. Mr Tshepiso Nage continues to act

as the Deputy Secretary: Procedural Services as the post has remained vacant for the 2016/17 financial year.

The WCPP is currently reviewing its organisational structure and this process will conclude in the 2017/18 financial year.

3 STRATEGIC OUTCOME-ORIENTED GOALS

The two strategic outcome-oriented goals and the progress made in the first year towards achieving the five-year targets, are as follows:

Goal 1: To provide effective procedural and related support to Members, committees and the House to make laws, conduct oversight and facilitate public involvement

The strategic outcome-oriented goal above is linked to Programme 3: Parliamentary Services.

Key factors contributing to the effectiveness and functionality of a parliament in executing its mandate are the effectiveness of administrative and procedural support services provided. Parliamentary services have established and continued to improve on the service provided to Members, committees and House in the three years since the implementation of their standard operating procedure manuals. They also continued to improve on coordination efforts across the different functional units within the WCPP, in implementing various legislative, oversight, and public-involvement initiatives. There has also been an increase in year-on-year compliance with their standard operating procedure manuals and as at the end of the period under review there has been a 99,52% compliance.

Plenary support services have continued to ensure that the WCPP is able to deliberate and make informed and procedurally sound decisions by preparing Procedural Guides and Procedural Notes for Presiding Officers. Procedural advice was also provided during Programming Authority meetings and to Presiding Officers during sittings of the House using the electronic Lync system. The Plenary Support Section continued to prepare, produce and distribute parliamentary papers, namely Order Papers, Question Papers, Minutes of Proceedings, ATCs and Bills during the period of review.

The Committee Support Section continued to provide support effectively to Members in the execution of their constitutional mandate of making laws and performing oversight over the exercise of the provincial Executive Authority and holding them to account. During the period of review, 83 committee reports were produced and nine research requests were completed.

To enhance public participation and education the Public Outreach and Education Section developed new education material on *Understanding the Parliamentary Oversight Cycle* and an information sheet on the *Oversight Role of WCPP's Standing Committees*. To ensure that existing education material is continuously improved, the section reviewed their current audiovisual education material and the *Annual Report Process* information sheet. The section have also rolled out 91 education initiatives during the 2016/17 financial year to facilitate meaningful involvement and to promote participation in the legislative and other processes of the WCPP.

Hansard and language services continued to provide interpreting and translation services for the period under review. To ensure that the quality of interpreting and translation services are always of a high standard, they continued subjecting these services to external quality assessment and implement the recommendations to remedy identified gaps. Quarterly meetings continued to take place with the Hansard service provider to ensure that the service levels are properly monitored and in the quality of the output is as prescribed in the service level agreement.

Goal 2: To promote sound governance and improve strategic and corporate support

The strategic outcome-oriented goal above is linked to Programme 1: Administration and Programme 2: Facilities for Members and Political Parties

The Office of the Speaker has continued to establish mechanisms to improve mandated functions, thereby addressing the Auditor-General's concerns that there are no mechanisms in place on how the performance of the WCPP in terms of oversight and monitoring, law-making and public-participation functions can be measured and reported on. In 2015/16 the Executive Authority has approved the reviewed Standing Rules which were submitted to the political parties for their perusal and input. During the period of review, the Executive Authority has approved the Public Participation Strategy and the Oversight and Accountability Policy.

During the second year of compliance with the FMPPLA, the WCPP achieved again a 95% compliance in respect of Accounting Officer's responsibilities and 100% compliance in terms of the Executive Authority's responsibility to the identified 19 compliance indicators. The deviation from the 100% relates to the submission of monthly financial statements to the Executive Authority that was received after the compliance due date of the 15th of each month.

During the 2016/17 financial year, the WCPP conducted a survey to Members and staff on the support services received from the administration. In terms of staff, out of the 67 questionnaires received 76% of staff scored the administration "Good" and above on the support services they received. This is a deviation of 4% from the planned target of 80%. To address this, a support service improvement plan was implemented to address the needs identified by the survey.

The Legal Services Section continued to provide legal support to the administration, committees and the Office of the Speaker. The section has also reviewed their Performance Management Framework for legal services during the period under review.

The WCPP had made progress with the implementation of the ERP system, including configuring the system; the clean-up of data and migrating data; and the sign-off of the User Acceptance Testing: Financial and Human Resources. Training has also commenced on GRAP standards. Formal training sessions planned for the early part of 2016/17 financial year were put on hold to prioritise GRAP and accounting training with the view of preparing for the implementation of the ERP system. Various change-management processes have been implemented with Finance, Human Resources, Information Technology and Information and Communication Technology for the implementation of the ERP system.

Significant strides have been made with communicating WCPP activities to the public. Website sessions have increased with 10% and tweets and Facebook updates have increased with 35% from the previous year's baseline.

The Information and Communication Technology Section has improved with 15% on service-delivery standards measured against its service level agreement. They have also ensure that all information technology infrastructure services were available 98,5% of the time for the period under review.

Security and Facilities Management has implemented two security initiatives, namely a fire drill and a security awareness programme for the WCPP. During the period of review they have also completed the blue asbestos and fire rationale project in accordance with their Facilities Management Programme.

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During the period of review there has been an increase in e-claims submitted by Members, which totalled up to 18 for the period under review. The WCPP has implemented 100% of the training programmes scheduled for Members and all transfer payments were processed within seven days of receipt of the required document in terms of the Members' Facilities Guide.

Project GROW carried on throughout the financial year, with the modules focusing on Leadership Competencies and Thinking Competencies. Each of the modules built on the foundation of the previous module, thereby reinforcing the concept of a journey to individual effectiveness as opposed to an intervention. During November 2016, feedback groups showed that 92% of the employees enjoyed the programme, 86% indicated that it has had a positive effect on their work and 84% indicated that it has benefited them in their broader life.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

4.1.1 Purpose

The purpose of this programme is the strategic management of the institution and to provide quality corporate support services to the WCPP.

4.1.2 Strategic outcome-oriented goals; sub-programmes, strategic objectives and strategic objective performance indicators

Strategic outcome-oriented goals	Sub-programmes		Strategic objectives	Strategic objective performance indicators
To promote sound governance and improve strategic and corporate support	1.1	Office of the Speaker	To enhance sound governance by establishing structures, processes and procedures as per legislation and relevant guidelines	Establishing mechanisms year-on-year to monitor mandated functions
	1.2	Office of the Secretary		To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems
		• <i>Risk Management</i>		
		• <i>Office of the Secretary</i>	Year-on-year improvement in organisational effectiveness and efficiency	
		• <i>Communication and Information</i>		
	• <i>Library</i>			
	1.3	Finance	Clean audit outcome	
	1.4	Supply Chain Management		
	1.5	Internal Control		
1.6	Human Resources	Modernisation and integration of Human Resources Management		
1.7	Information Technology	Upward change in the Capability Maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model		
1.8	Security and Facilities Management	Year-on-year improvement in organisational effectiveness and efficiency		

4.1.3 Strategic objectives performance indicators, performance indicators, planned targets and actual achievements

Strategic objective performance indicators

Strategic objective performance indicators	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on / reasons for deviations
Establish mechanisms year-on-year to monitor mandated functions	Achieved: One mechanism established to monitor mandated functions. Standing Rules reviewed and distributed to the political parties.	Establishing mechanisms year-on-year to monitor mandated functions	Achieved: Two directives, namely the Public Participation Strategy and the Oversight and Accountability Policy were approved by the Speaker.		
Year-on-year improvement in organisational effectiveness and efficiency	Achieved: During the annual survey an average of 79% of clients or stakeholder respondents scored 3 ("Good") and above on support services received from the administration. On average 80% of Members (13 responses) and 79% of staff (64 responses) scored the services they received as being "Good" and above.	Year-on-year improvement in organisational effectiveness and efficiency	Not achieved: During the staff survey an average of 76% of clients or stakeholder respondents scored 3 ("Good") and above on support services received from the administration.	Deviation: 4% In respect of the staff survey, 96 questionnaires were distributed and 67 completed questionnaires were returned. The survey in respect of Members could not be finalised as only two completed surveys were returned.	Six units scored lower in the 2016/17 survey in comparison with the 2015/16 survey.
Clean audit outcome	Achieved: Clean audit outcome for 2015/16.	Clean audit outcome	Achieved: Clean audit outcome for 2016/17.		
Modernisation and integration of Human Resources Management	Not achieved: There was no increase from the baseline in value-adding services rendered and no HR processes were digitised.	Modernisation and integration of Human Resources Management	Achieved: In terms of technology, the ERP implementation process has commenced. Value-adding services were increased and Project GROW has almost been completed.		

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Strategic objective performance indicators	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on / reasons for deviations
Upward change in the capability Maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model	Achieved: 2: Repeatable but intuitive.	2,5: Some defined processes in place	Achieved: 2,5: Some defined processes in place.		

The significant achievement of this programme are as follows:

The annual audit by the Auditor-General culminated in a clean audit outcome on our second set of GRAP-compliant annual financial statements. This is a significant achievement, seeing as the current systems used do not provide reporting that complies with accrual-accounting principles and does not comply with the requirements of Generally Recognised Accounting Practice (GRAP).

The discovery of blue asbestos on the sixth floor led to the closure of the Chamber, kitchen, dining area and the meeting room, Caab de Goede Hoop. Arrangements were subsequently made to use the chamber at 44 Wale Street as an alternative site for parliamentary meetings. The service transition, while difficult logistically, appeared to be – and was experienced by members and staff as – seamless.

The WCPP has finalised the procurement of the ERP system during the 2016/17 financial year and the implementation thereof has commenced during the latter part of the 2016/17 financial year.

Performance indicators, planned targets and actual achievements

4.1.3.1 Sub-programme: Office of the Speaker

The purpose of the sub-programme is:

- to formulate and execute policies in respect of the administration and management of the WCPP;
- to perform functions in terms of relevant statutory provisions; and
- to render secretarial and office support services to presiding officers.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage compliance to legislative obligations and relevant transitional arrangements in terms of FMPPLA (Executive Authority), by the required due date	Achieved: 100% compliance with all 19 identified compliance indicators.	100%	Achieved: 100% compliance with all 19 identified compliance indicators.		
Number of directives approved in terms of oversight, law-making and public participation	Achieved: One directive (Standing Rules) approved by the Speaker and distributed to political parties.	2	Achieved: Two directives approved by the Speaker: Public Participation Strategy and Oversight and Accountability Policy.		

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Office of the Speaker	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	5 206	4 404	802	4 928	4 536	392

4.1.3.2 Sub-programme: Office of the Secretary

The purpose of the sub-programme is as follows:

- to formulate operational policies and establish norms and standards in compliance with relevant legislation and practices;
- to manage corporate and procedural support services;
- to provide legal support services to the administration and committees; and
- to provide communication and information services.

Office of the Secretary					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Average percentage of client or stakeholder survey respondents scoring "Good" (3) and above on support services received	Achieved: During the annual survey an average of 79% of clients or stakeholder respondents scored 3 ("Good") and above on support services received from the administration.	80%	Not achieved: During the staff survey, an average of 76% of client or stakeholder respondents scored 3 ("Good") and above on support services received from the administration.	Deviation: 4% In respect of the staff survey, 96 questionnaires were distributed and 67 completed questionnaires were returned. The survey in respect of Members could not be finalised as only two completed surveys were returned.	Six units scored lower in the 2016/17 survey in comparison with the 2015/16 survey.
Number of support service improvement plans implemented that address gaps in service delivery	Not achieved: Support service improvement plan developed but not all the proposed action plans were implemented.	1	Achieved: Support service improvement plan implemented.		
Percentage of targets achieved in accordance with the APP	Not achieved: 80% of targets achieved.	99%	Not achieved: 88% of targets achieved.	Deviation: -11% Out of total of 57 planned annual targets, 50 were achieved.	Refer to individual sub-programmes for reasons for deviations.
Review and implementation of Performance Management Framework for Legal Services	Achieved: 98,93% of requests processed complied with the service level standards in accordance with the Performance Management Framework for Legal Services.	Review and implement Performance Management Framework for Legal Services	Achieved: Performance Management Framework for Legal Services reviewed and implemented.		

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Office of the Secretary					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Number of monitoring and evaluation validations of performance information with evidence	Achieved: Four monitoring and evaluation validations performed of performance information with evidence, performed.	4	Achieved: Four monitoring and evaluation validations performed of performance information with evidence, performed.		

Risk Management					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage compliance with legislative obligations and relevant transitional arrangements in terms of the FMPPLA (Accounting Officer) by required due date	Not achieved: 95% compliance with legislative obligations and relevant transitional arrangement in terms of the FMPPLA (Accounting Officer) by the required due date.	100%	Not achieved: 95% compliance with legislative obligations and relevant transitional arrangement in terms of the FMPPLA (Accounting Officer) by required due date.	Deviation -5%: 18 out of the 19 compliance indicators were fully complied with.	The deviation relates to non-compliance with section 51(1) of the FMPPLA. Five monthly financial statements (In-Year Monitoring Reports) were submitted to the Executive Authority later than prescribed by the FMPPLA.

Communication and Information					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage year-on-year increase in website statistics in respect of website sessions	Achieved: 14% increase from the previous year's baseline in website statistics in respect of website sessions. Actual: 41 163 website sessions recorded.	5%	Achieved: 10% increase from the previous year's baseline in website statistics in respect of website sessions. Actual: 45 449	Deviation: 5% 2 227 more website sessions recorded than planned.	A minor over-achievement was achieved as a result of increased public interest in parliamentary activities.

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Communication and Information					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
			website sessions recorded.		
Percentage year-on-year increase in social media presence and activities	Achieved: 87% increase from the previous year's baseline in social media activities. 722 tweets 705 Facebook updates.	5%	Achieved: 35% increase from the previous year's baseline in social media activities. 918 Tweets 1 002 Facebook updates.	Deviation: 30% 159 more tweets and 261 more Facebook updates recorded than planned.	Additional opportunities for social media activity, including supporting national campaigns (20-year anniversary of the South African Constitution) realised increased figures.
Year-on-year increase in file plan usage by units	New performance indicator	5	Achieved: Increase of 7 in file plan usage by units.	Deviation: 2 Two more units used the file plan than planned.	Ongoing efforts to increase usage success in realising a bigger increase than expected.

Library					
Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Number of library publications produced per annum	Achieved: 63 library publications were produced.	50	Achieved: 76 library publications were produced.	Deviation: 26 26 more library publications were produced than planned.	The Library identified additional opportunities to produce publications than originally planned.

Strategy to address underperformance

Office of the Secretary:

Average percentage of client or stakeholder survey respondents scoring "Good" (3) and above on support services received

A support service improvement plan compiled by the functional areas was compiled and implemented to address gaps in service delivery identified by the survey. The impact of the plans will be measured in the 2017/18 survey. The WCPP will engage with Members to discuss other ways to measure the Members' level of satisfaction with the support services they received from the administration.

Percentage of targets achieved in accordance with the APP

For the 2017/18 financial year, regular focus meetings with managers will be held to support and ensure the achievement of targets.

Office of the Secretary (Risk Management):

Percentage compliance with legislative obligations and relevant transitional arrangements in terms of the FMPPLA (Accounting Officer) by required due date

Monitoring mechanisms have been enhanced to ensure compliance with the dates as prescribed by the FMPPLA.

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Office of the Secretary	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Secretary	10 934	10 873	61	11 530	11 168	361
Communication and Information	4 152	4 134	18	4 261	4 195	66
Library	1 519	1 517	2	1 486	1 482	5
Total	16 605	16 524	81	17 277	16 845	432

4.1.3.3 Sub-programme: Finance

The purpose of the sub-programme is to render financial management services.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Provide GRAP training on relevant GRAP standards for finance staff	New performance indicator	Provide GRAP training	Achieved: Training on GRAP standards provided. GRAP standards: 1;2;3;9;12;14;19; and 23
Number of verifiable annual financial statements submitted by the statutory due date	Achieved: One verifiable annual financial statement submitted by the statutory due date.	1	Achieved: One verifiable annual financial statement submitted by the statutory due date.
Number of finalised Estimate of Provincial Revenue and Expenditure submitted by the required due date	Achieved: One finalised Estimate of Provincial Revenue and Expenditure submitted by the required due date.	1	Achieved: One finalised Estimate of Provincial Revenue and Expenditure submitted by the required due date.
Number of verifiable interim financial statements submitted by the required due date	Achieved: Three verifiable interim financial statements submitted by the required due date.	3	Achieved: Three verifiable interim financial statements submitted by the required due dates.
Percentage compliance with the Financial manual	Achieved: 100% compliance with the Financial Manual.	100%	Achieved: 100% compliance with the Financial Manual.
Number of quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure	Achieved: Four quarterly In-Year-Monitoring (IYM) Narrative	4	Achieved: Four quarterly In-Year-Monitoring (IYM) Narrative

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
and identify early warning signals	Reports to track expenditure and identify early warning signals.		Reports to track expenditure and identify early warning signals.
Percentage of payments processed to creditors within 30 calendar days of receipt of invoice	Not achieved: 97,75% of payments processed to creditors within 30 days of receipt of invoice. 53 payments out of a total of 2 355 were not processed within 30 days.	99%	Achieved: 99% of payments processed to creditors within 30 calendar days of receipt of invoice. 14 payments out of a total of 1 988 were not processed within 30 days.

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Finance	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 087	3 957	130	3 297	3 207	90

4.1.3.4 Sub-programme: Supply Chain Management

The purpose of the sub-programme is to render supply chain management services.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Provide GRAP training for SCM practitioners for standards 17, 31 and 103	New performance indicator	GRAP training provided	Achieved: GRAP training provided for SCM practitioners on standards 17, 31 and 103.		
Percentage of assets reconciling to the Asset Register	Not achieved: 99,8% of assets reconciled with the asset register. 11 assets out of a total of 6 556 (major and minor) were not verified.	100%	Not achieved: 90,11% of assets reconciled with the asset register.	Deviation: 9.89% 670 assets out of a total of 6 776 (major and minor) were not reconciled.	Assets are being sought due to amongst others, movements without notification which is only discovered post asset counts. During the final count not all the venues could be accessed.
Percentage compliance with service-delivery standards	Achieved: 85,5% compliance with service-delivery standards.	85%	Not achieved: 84,15% compliance with service-delivery standards.	Deviation: 0,85% 1 046 service delivery standards out of a total of 1 243 were complied with.	LOGIS was offline for a three-week period in August and September.
Percentage compliance with the Supply Chain	Achieved: 100% compliance with	100%	Achieved: 100% compliance with service		

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Management Manual Checklist	service delivery standards. Three delivery standards are measured.		delivery standards. Three delivery standards are measured.		

Strategy to overcome areas of underperformance

Percentage of assets reconciled with the Asset Register

Regular spot checks of assets in addition to planned stock take will take place. Managers will be made aware of the importance of informing Supply Chain Management of the movement of assets. The WCPP will be implementing the ERP system that would improve the delivery of services and subsequent turnaround times.

Percentage compliance with the Supply Chain Management Manual Checklist

The WCPP is still dependent on LOGIS. With the implementation of the ERP system, the compliance with delivery standards will improve.

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Supply Chain Management	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 667	4 624	43	4 302	4 199	103

4.1.3.5 Sub-programme: Internal Control

The purpose of the sub-programme is to identify systematic weaknesses and recommend corrective measures to combat irregularities and to facilitate risk management services.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Number of progress reports against the Financial Management Improvement Plan	Achieved: Two progress reports against the Financial Management Improvement Plan.	2	Achieved: Two progress reports against the Financial Management Improvement Plan.
Number of Inspection reports issued identifying control gaps in processes	Achieved: Three inspection reports issued identifying control gaps in processes.	3	Achieved: Three inspection reports issued identifying control gaps in processes.
Number of follow-up inspection reports reflecting progress on implementation of recommendations	Achieved: Three follow-up inspection reports reflecting progress on implementation of recommendations.	3	Achieved: Three follow-up inspection reports reflecting progress on implementation of recommendations.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Percentage of payment vouchers subjected to post-audit	Achieved: 100% of payment vouchers subjected to post-audit.	100%	Achieved: 100% of payment vouchers subjected to post-audit. A total of 2244 payment vouchers were subjected to post-audit.

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Internal Control	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 928	3 927	1	3 711	3 605	106

4.1.3.6 Sub-programme: Human Resources

The purpose of the sub-programme is to render human resource and Members' facilities management services.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage increase in value adding services rendered	Not achieved:	70%	Achieved: 70% increase in value-adding services rendered Increase with one value-adding service: Retirement planning. Baseline for 2015/16: Two value-adding services out of a total of 11.		
Percentage of formal training focused on identified skills gaps and structure	Not achieved: 39% of formal training focused on identified skills gaps and structure was implemented Out of a total of 28 formal training sessions scheduled, 11 sessions focused	80%	Not achieved 60% of formal training focused on identified skills gaps and structure was implemented. Out of a total of 15 formal training sessions scheduled, 9 sessions focused	Deviation: 20% 12 of 15 formal training sessions should have been training focused on identified skills gaps and structure.	During the first quarter of 2016/17 priority was given to GRAP and accounting training with a view to the implementation of the FMPPLA and the ERP system.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/reasons for deviations
	on identified skills gaps and structure were implemented.		on identified skills gaps and structure were implemented.		
Percentage availability of employees to operate effectively as a result of improved skills following the formal programme	New performance indicator	70%	Achieved: 70% availability of employees to operate effectively as a result of improved skills following the formal training programme. Out of a total of 104 employees who participated in the formal training programme, 86 employees operated effectively as a result of improved skills.		

Strategy to address underperformance

Percentage of formal training focussed on identified skills gaps and structure

The training programme will be reviewed to make provision for additional functional training and training on GRAP and the ERP system.

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Human Resources	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	6 192	6 177	15	5 155	4 979	176

4.1.3.7 Sub-programme: Information Technology

The purpose of the sub-programme is to render administrative and user support services and enhance and maintain information technology infrastructure.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Phased implementation of ERP	Not achieved 75% of the target was achieved (including definition of business requirements; ERP request for proposal specification and the publication of the tender; and evaluation of bids).	Implementation Phase 3 Financial and Human Resources	Not achieved: 38% of the target was achieved (including configure system, migrate data and Sign-off of User Acceptance Testing (UAT): Financial and Human Resources).	Deviation: 62% For phase 3, two milestone were achieved out of a total of eight milestones.	Due to the tender process taking place for a second time, the project was delayed.
Percentage year-on-year improvement of service support delivered against service level agreement (SLA)	Achieved: Service level agreement completed and reviewed by the Information Communication Technology (ICT) Steering Committee.	Improve by 5% year-on-year	Achieved: 15% year-on-year improvement of service delivery standards against service level agreement (SLA). Numerator: 955 calls logged, responded to and resolved within SLA. Denominator: 1391 calls logged.	Deviation: 10% Baseline for 2015/16 was at 60%. Planned target for 2017/16: 63% Actual achievement was 69%	Team worked more efficiently, focusing on proactive management of the user environment, hence the higher percentage achievement.
Percentage improvement on compliance to Project Management Best Practices	Achieved: Baseline was established.	Improve by 20% year-on-year	Achieved: 22% Numerator: 36 Score achieved Denominator: 49 grand total score.	Deviation: 2% Baseline for 2015/16 was at 60%. Planned target for 2017/16: 71%. Actual achievement was 73%.	The deviation is as a result of improved efficiency.
Percentage availability of all IT Infrastructure Services	Achieved: 99% of all ICT infrastructure services were available.	95%	Achieved: 98,5% of all IT infrastructure services were available.	Deviation: 3,5%	Lots of effort and afterhours work by the team to ensure availability of systems.

Strategy to overcome areas of underperformance

Phased implementation of ERP

The Project Jump Steering Committee agreed that the delays of phase two of the project were justified to ensure proper governance and an appropriate and affordable solution for the WCPP. The delay in phase two resulted in a delayed go-live date and the Steering Committee agreed for the go-live date to be moved from 1 April 2017 to 1 October 2017.

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Information Technology	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	17 097	11 836	5 261	9 389	8 317	1 072

4.1.3.8 Sub-programme: Security and Facilities Management

The purpose of the sub-programme is to provide household, security and logistical services, including the facilitation of occupational health and safety.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Number of security initiatives implemented in accordance with the Security Plan	Not achieved	2	Achieved: Two security initiatives implemented in accordance with the Security Plan. Fire drill and WCPP Security Awareness Programme developed.
Number of projects completed in accordance with the Facilities Management Programme	Achieved: Two projects completed in accordance with the Facilities Management Programme.	2	Achieved: Two projects completed in accordance with the Facilities Management Programme. Blue asbestos removal and fire rationale project.
Number of Joint Planning Committee meetings in line with the National Key Points Act requirements	Achieved: Four Joint Planning Committee meetings in line with the requirements of the National Key Points Act.	4	Achieved: Four Joint Planning Committee meetings in line with the requirements of the National Key Points Act.
Number of Health and Safety inspections to identify risk and monitor the implementation of remedial measures	Achieved: Four Health and Safety inspections to identify risk and monitor the implementation of remedial measures.	4	Achieved: Four Health and Safety inspections to identify risk and monitor the implementation of remedial measures.

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Security and Facilities Management	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 987	3 779	208	4 793	4 767	26

4.2 Programme 2: Facilities for Members and Political Parties

4.2.1 Purpose

The purpose of the programme is to provide enabling facilities and benefits to Members and political parties.

4.2.2 Strategic Outcome-Oriented Goals; Sub-programmes and Strategic Objectives and Strategic Objective Performance Indicators

Strategic Outcome-Oriented Goals	Sub-programme		Strategic Objectives	Strategic Objective Performance Indicator
To promote sound governance and improve strategic and corporate support	2.1	Facilities and Benefits to Members (incl. Allowances and Contributions)	To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems	Digitising and modernising Members' Affairs services
	2.2	Political Parties Support Services		

The significant achievement of this programme are as follows:

The WCPP implemented an e-claims platform for Members. This enables Members to submit claims electronically from outside the WCPP in order to allow claims to be processed without the Member having to wait to return to Cape Town or come into the office. This makes it easier for Members to carry out their work as the negative financial impact of delayed reimbursements is eliminated.

Thirteen Members were awarded the Certificate in Governance and Public Leadership from the University of the Witwatersrand.

4.2.3 Strategic objective performance indicators, performance indicators, planned targets and actual achievements

Strategic objective performance indicators

Strategic objective performance indicators	Actual achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17
Digitising and modernising Members' Affairs services	Achieved: Functionality made available to allow Members to submit their claims electronically.	Digitising and modernising Members' Affairs services	Increase in e-claims submitted and mobile communication service activated.

Performance indicators, planned targets and actual achievements

4.2.4.1 Sub-programme: Facilities and Benefits for Members

The purpose of the sub-programme is to manage the payment of:

- Membership fees to parliamentary and related associations;
- State contributions to medical aid of continuation Members; and

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- Enabling allowances to compensate Members for expenses relating of official travel, accommodation and telecommunication.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage implementation of scheduled training programmes per year for Members	Achieved: 100% implementation of scheduled training programmes per year for Members.	80%	Achieved: 100% implementation of scheduled training programmes per year for Members.	Deviation: 20% All four training programmes scheduled for Members were implemented.	
Percentage of claims (submitted electronically complying with the requirements of the Members' Facility Guide) processed	Achieved: 100% of claims (submitted electronically complying with the requirements of the Members' Facilities Guide) processed.	100%	Achieved: 100% of claims (submitted electronically and complying with the requirements of the Members' Facilities Guide) processed. All 18 electronic claims that was received were processed.		

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Facilities and Benefits for Members	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	7 233	6 030	1 203	6 865	5 301	1 564

4.2.4.2 Sub-programme: Political Parties Support Services

The purpose of the sub-programme is to manage the payment of:

- Constituency allowances to enable political parties represented in the WCPP to establish and maintain infrastructure in constituencies to serve the interests of constituents;
- Secretarial allowances to enable political parties represented in the WCPP to establish and maintain their own administrative infrastructure within the precincts of the WCPP; and
- Conditional allowances to enable Members to arrange programmes within their constituencies in the interest of oversight, law-making and public participation in the WCPP.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Number of working days after receipt of required documents in terms of the Members' Facilities Guide to process transfer payments	Achieved: Transfer payments processed within 7 working days after receipt of required documents in terms of the Members' Facilities Guide.	7	Achieved: Transfer payments processed within 7 working days after receipt of required documents in terms of the Members' Facilities Guide.

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Political Parties Support Services	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	37 005	37 004	1	34 854	34 854	-

4.3 Programme 3: Parliamentary Services

4.3.1 Purpose

The purpose of this programme is to provide effective procedural and related support to the House and committees to facilitate public participation.

4.3.3 Strategic Outcome-Oriented Goals; Sub-programmes and Strategic Objectives and Strategic Objective Performance Indicators

Strategic outcome-oriented goals	Sub-programme		Strategic objectives	Strategic objective performance indicator
To provide effective procedural and related support to Members, Committees and the House to make laws, conduct oversight and facilitate public involvement	3.1	Plenary Support	To enhance effective and timely procedural and related support	Year-on-year percentage compliance to SOPs for plenary and committee procedural support for all programmed Sittings and committee meetings.
	3.2	Committee Support (incl. Standing Committees)		
	3.3	Public Education and Outreach		
	3.4	Hansard and Language Services		

The significant achievement of this programme are as follows:

The programme can reported the following as significant achievement for the reporting period:

- Successful coordination of plenary sittings of the House outside of the familiar precincts and chamber facilities of the WCPP for the most part of the third quarter, with very little disruption in the business of the House;
- Successful Annual Report oversight process, supported through internal research input albeit on a limited scale;
- Successful coordination of public education initiatives in response to increased internal and external demands, in particular support for the committees with pre-hearing education workshops and an extensive roll out of education workshops in preparation for the high-level panel public hearings;
- The production of three guideline manuals to standardise and improve the quality of WCPP language service offerings.

4.3.4 Strategic objective performance indicators, performance indicators, planned targets and actual achievements

Strategic objective performance indicators

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Year-on-year percentage compliance to SOPs for plenary and committee procedural and related support for all programmed Sittings and committee meetings	Achieved: 96,8% 99,51% in terms of Plenary Support; 97,5% in terms of Committee Support; and 93,39% in terms of Hansard and Language Services.	97%	Achieved: 99,52% 100% in terms of Plenary Support; 98,8% in terms of Committee Support; and 99,75% in terms of Hansard and Language Services.	Deviation: 2,52%	The deviation is as a result of improved efficiency.
Percentage increase in the planned education initiatives to improve public participation in the legislative and other processes of the legislature	Achieved: 11,86% 66 education workshops implemented.	10%	Achieved: 37,88% 91 education initiatives implemented.	Deviation: 27,88%	The deviation is as a result of increased demands to inform and educate as widely as possible on the high-level panel public hearings and improved efficiency.

Performance indicators, planned targets and actual achievements

4.3.4.1 Sub-programme: Plenary Support

The purpose of the sub-programme is to provide procedural advice and administrative support for the sittings of the House.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
Percentage of procedural support services provided in terms of the Standard Operating Procedure to all plenaries programmed in accordance with the approved parliamentary programme	Achieved: 98,54% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme.	100%	Achieved: 100% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme. A total of 194 documents in the form of House Papers, Bills and Acts and others were processed in support of plenaries in line with the requirements of the SOP.
Percentage of procedural advice provided to Presiding Officers and Members on request	Achieved: 100% procedural advice provided to Presiding Officers and Members on request.	100%	Achieved: 100% procedural advice provided to Presiding Officers and Members on request.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17
			Out of a total of 68 requests and requirements for procedural advisory support by Members and Presiding Officers, all were produced and provided in line with the SOP requirements.
Number of working days taken after a sitting to communicate House Resolutions to third parties in accordance with the approved SOP	Achieved: 15 working days taken after a sitting to communicate House resolutions to third parties.	15	Achieved: 15 working days taken after a sitting to communicate House resolutions to third parties. Out of a total of 241 resolutions approved by the House, all were communicated to third parties through various means within the 15-day timeline in accordance with the SOP.

Changes to planned targets

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Plenary Support	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	2 602	2 536	66	2 559	2 557	2

4.3.4.2 Sub-programme: Committee Support

The purpose of this programme is to provide:

- Procedural advice and administrative support to the Committees; and
- Relevant parliamentary research support to Members, Committees, senior management and presiding officers.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage of committee support provided, in accordance with the approved Standard Operating Procedure for Committees (SOP), to all programmed committee meetings in accordance with the approved programme	Achieved: 95% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings according to approved	96%	Achieved: 97,59% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings according to the approved programme. Out of a total of 83 reports processed	Deviation: 1,59%	The deviation is as a result of improved efficiency.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
	programme.		in this period, 81 were processed in line with the SOP requirement.		
Percentage of requested research services provided to committees, senior management and presiding officers in accordance with the approved Standard Operating Procedure (SOP) for committees	Achieved: 100% of requested research services provided in accordance with the approved SOP for committees.	96%	Achieved: 100% of requested research services provided in accordance with the approved SOP for committees. Out of a total of 9 research requests received, all 9 were completed and submitted in accordance with the SOP requirements.	Deviation: 4%	The deviation is as a result of improved efficiency.

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Committee Support	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	13 031	12 270	761	13 204	13 154	50

4.3.4.4 Sub-programme: Public Education and Outreach

The purpose of the sub-programme is to facilitate public participation and public education.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Annual education programme on the law-making, oversight, public participation and petitions processes developed	Achieved: Annual education programme developed by 31 March 2016 for 2016/17.	Education programme developed by 31 March 2017.	Achieved: Annual education programme developed by 31 March 2017 for 2017/18.		
Review education curriculum on the law-making, oversight and	Achieved: Annual education curriculum	Education curriculum reviewed by 31 March 2017.	Achieved: Education curriculum reviewed by		

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
public participation and petitions processes	developed by 30 September 2015.		31 March 2017.		
Number of existing education material reviewed	Achieved: Three existing materials reviewed.	2	Achieved: Two existing materials reviewed: <ul style="list-style-type: none"> • Reviewed and improved existing annual reports information sheet • Reviewed content of existing audio visual education material and recommended improvements. 		
Number of new education material developed	Achieved: Three new education materials developed.	2	Achieved: Two new education material developed: <ul style="list-style-type: none"> • Understanding the parliamentary Oversight Cycle; and • Oversight role of WCPP's Standing Committees information sheet. 		
Number of educational workshops rolled out in accordance with the Annual Programme	Achieved: 66 education workshops completed.	66	Achieved: 91 education initiatives rolled out in accordance with the annual programme and in response to internal legislative committee requests and high-level panel (HLP) programme.	Deviation: 25 25 more education initiatives or information sessions were rolled out than planned.	The deviation is as a result of increased demands to inform and educate as widely as possible on the high-level panel's public hearings, and as a result of improved efficiency.
Percentage of petitions processed in accordance with relevant legislation	Achieved: Two petitions received and 100% processed in accordance with the relevant	100%	Achieved: Two non-compliant submissions received and 100% processed in line with the applicable petitions		

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
	legislation.		legislation.		

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Public Education and Outreach	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 872	3 866	6	3 282	3 281	1

4.3.4.4 Sub-programme: Hansard and Language Services

The purpose of the sub-programme is to manage the provision of verbatim reports of the proceedings of the House and to provide interpreting and translation services.

Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
Percentage of recommendations implemented that have been accepted arising from external assessment of interpreting services	Achieved: 88% of recommendations implemented that have been accepted arising from external assessment of interpreting services.	95%	Achieved: 100% of recommendations implemented that have been accepted arising from external vetting of interpreting services. Out of a total 5 recommendations or actions from external assessment of Xhosa interpreting services, 5 were implemented to ensure the maintenance of acceptable standards.	Deviation: 5% All recommendations were implemented.	The deviation is as a result of improved efficiency.
Percentage of recommendations implemented that have been accepted arising from the external assessment of	Achieved: 86% of recommendations implemented that have been accepted arising from the external	95%	Achieved: 100% of recommendations implemented that have been accepted arising from the external	Deviation: 5% All recommendations were implemented.	The deviation is as a result of improved efficiency.

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/ reasons for deviations
translation services	assessment of translations services.		assessment of translations services. Out of a total 5 recommendations or actions from assessment of Afrikaans translation services, 5 were implemented to ensure the maintenance of acceptable standards.		
Percentage availability of official House Papers translated in all official languages	Achieved: 99,59% Availability of official House Papers translated in all official languages.	96%	Achieved: 99% Of the total of 210 House Papers published in this period, 208 have been fully translated into the three official languages and made available on publication of the original source document.	Deviation: 3% Six more published House papers were translated into the three official languages than were planned for.	The deviation is as a result of improved efficiency.
Percentage availability of interpreting services for the House and committees when required	Achieved: 100% availability of interpreting services for the House and committees when required. Of the total of 223 meetings for the period, all were provided with interpreting services.	100%	Achieved: 100% availability of interpreting services for the House and committees when required. Of the total of 198 meetings for this period, all were provided with interpreting services.		
Number of contact meetings held with service provider to ensure that Hansard services provided are in accordance with the service level agreement and that deviations are addressed	Achieved: 12 contact meetings were held with the service provider to ensure that Hansard services provided are in accordance with the service level agreement and that deviations are addressed.	12	Achieved: 12 contact meetings held with service provider, ensuring that services provided were in line with the service level agreement in terms of timelines and specifications (i.e. the recording of House sittings,		

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Performance indicator	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on/reasons for deviations
			transcription and publication of proceedings, and the production and publication of Hansard books).		

Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

Sub-programme expenditure

Hansard and Language Services	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 809	3 807	2	6 792	6 524	268

5. TRANSFER PAYMENTS

5.1 Transfer payments to Non-Profit Institutions

Name of transferee	Purpose for which the funds were received	Compliance with s35(1) of the FMPPLA	Amount transferred	Amount spent by the entity
Democratic Alliance	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R22 399 613.82	R22 399 613.82
African National Congress	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R12 201 486.44	R12 201 486.44
African Christian Democratic Party	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R1 234 160.69	R1 234 160.69
Economic Freedom Fighters	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R1 169 302.30	R1 169 302.30

6. DONOR FUNDS

The WCPP did not receive any new donor funding during the 2016/17 financial year.

6.1 Previous Year Donor Funds:

During November 2011, the WCPP received an amount of R2 709 000 from the Legislative Sector Support Programme for the implementation of the South African Legislative Sector Policy and Strategic Framework. As at 31 March 2017, the WCPP had R1 857 584.99 in its donor funding bank account which includes the surplus funds, interest received and bank charges.

7. CAPITAL INVESTMENT

7.1 Capital investment, maintenance and asset management plan

Supply Chain Management (SCM), in conjunction with the Finance Section, meets monthly with the respective line functions to cross-examine their respective budgets opposite to their projections and all significant new capital assets demand planning is raised at the meeting.

Monthly, in conjunction with the Finance Section, Supply Chain Management does a BAS–LOGIS reconciliation to account for all asset additions. Notwithstanding the aforesaid, Supply Chain Management conducts an annual stocktake of all WCPP assets and submits a report in respect thereof to the Chief Financial Officer.

The conditions of assets vary as follows:

- Computer hardware – good condition and the latest refresh of ICT hardware was effected in the fourth quarter of the 2016/17 financial year. These items are procured with an extended warranty to ensure as much value for money is attained in respect thereof.
- Furniture – fair condition; it is generally used to the top-end of its useful life and, if possible, the useful life is extended to ensure that value for money is attained in respect thereof; and
- Equipment – fair condition.

WESTERN CAPE PROVINCIAL PARLIAMENT



PART C GOVERNANCE



The Standing Committee on Community Development held eight public hearings on the Western Cape Health Facility Boards and Committees Bill [B1-2016] across the Western Cape from 9 to 13 May 2016



A delegation from the Shandong Provincial People's Congress, led by Vice Chairman Cai Limin, paid a visit to the WCPP on 27 September 2016 hosted, by Deputy Speaker Piet Pretorius. The purpose of the visit was to strengthen bilateral relations between Shandong Province and the Western Cape

1. INTRODUCTION

The WCPP is committed to maintaining the highest standards of governance and considers good governance fundamental to the management of public finances and resources. At the WCPP there are structures in place to effectively, efficiently and economically utilise its resources, which are funded by the tax payer.

2. RISK MANAGEMENT

The Accounting Officer (AO) or Secretary for the Western Cape Provincial Parliament (WCPP) takes responsibility for implementing Enterprise Risk Management (ERM) in accordance section 7(c) of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), Act 10 of 2009, as amended by Act 34 of 2014, and the National Treasury Public Sector Risk Management Framework (PSRMF).

In compliance with the National Treasury Public Sector Risk Management Framework (PSRMF) and to embed risk management further within the institution, the WCPP has adopted an Enterprise Risk Management (ERM) Policy which was approved 30 March 2016 and which sets out the institution's overall intention with regard to ERM. The WCPP adopted an ERM Strategy and an ERM Implementation Plan, which was approved by the Accounting Officer or Secretary on 30 March 2016. The ERM Strategy and Implementation Plan gave effect to the WCPP's ERM Policy which outlines the institutional philosophy toward risk management.

The WCPP assessed quarterly the risks that could have an impact on the achievement of its objectives at a strategic, operational and project risk level. These risks were prioritised based on their likelihood and impact (inherently and residually) on the objectives. Additional to the aforementioned, new or emerging risks were identified during the quarterly review processes. The embedding of risk appetite and tolerance levels that was introduced during the 2015/16 financial year has improved the discussions and debates in respect of the decisions and action plans to mitigate risks that were outside the desired tolerance levels.

The WCPP has an established Enterprise Risk Management Committee (ERMCO) to assist the Accounting Officer or Secretary in executing his responsibilities relating to risk management. The Committee operates under a Terms of Reference (TOR) that is annually reviewed and was approved by the Accounting Officer or Secretary on 30 March 2016. The ERMCO meets on quarterly and deliberated on those strategic, operational and project risks that were outside the desired tolerance levels and recommended further actions to risk owners to reduce the risks to within the desired tolerance range.

The Audit Committee is provided with a Quarterly ERM Report to execute their independent oversight mandate over the risk management system of the WCPP. The Audit Committee evaluates the risk management process in terms of quarterly progress against the annual ERM Strategy and Plan and the strategic, operational and project risks that the institution faces. The Audit Committee's oversight is focused on those risks (strategic, operational or project risks) that are outside the approved tolerance levels and the management actions or responses to mitigate the risks to bring them within those approved risk-tolerance levels.

Impact on institutional performance

Risk management has been incorporated into all planning and strategies of the WCPP due to an increase in awareness of the concepts of risk and uncertainty. Based on the application of the ERM Strategy and Plan over the past financial year, the institution's control and performance environment have matured and improved. The WCPP recognises that the optimisation of risk

management in our environment is critical for enhancing institutional improvement and to meet the institutional objectives consistently within the current constrained fiscal environment.

3. FRAUD AND CORRUPTION

The WCPP Fraud Prevention Policy was reviewed and distributed to all staff members and made available on the document management system. The WCPP maintains a stance of not tolerating corrupt or fraudulent activities, whether internal or external, and commits to pursuing and prosecuting any parties vigorously, by all legal means available, who engage or attempt to engage in such practices.

Fraud risk assessments were conducted to identify fraud risks, which is reviewed quarterly by the ERMCO. Fraud awareness sessions were held with staff members detailing the concepts of ethics management, fraud, corruption and the internal and external reporting processes of the WCPP. Two information sessions were presented by the Office of the Public Protector and the internal newsletter was used to inform and educate staff on fraud prevention. Staff members demonstrated their commitment to the Code of Conduct by signing a register of commitment to the Code of Conduct.

A Fraud Health Check through a survey was done with staff members in the third quarter of the 2016/17 financial year. This assisted in gaining high-level understanding of the extent of employee awareness of fraud control. It was further used to inform the Fraud Prevention Policy, Strategy and the Implementation Plan for 2017/18 which was approved in on 27 March 2017 by the Secretary.

4. MINIMISING CONFLICT OF INTEREST

The Code of Conduct for Supply Chain Management officials requires them to complete declarations of interests annually. All employees who form part of Bid Specification, Bid Evaluation and Bid Adjudication Committees are also required to declare their interests.

No conflict of interest was identified or reported for the period under review.

5. CODE OF CONDUCT

5.1 Members

Meetings

During the period under review the Conduct Committee met eleven times.

Disclosure of Members' Interests

The closing date for the disclosure of Members' interests for the 2017/18 period was set for 28 April 2017. At the time of writing this report, all forty-two (42) Members had submitted their disclosure forms by the due date.

Disclosure by new Members

Disclosure forms for one Member was not submitted within the required 60-day period. The matter is before the Committee.

Advice to Members on the Code of Conduct

The Registrar provided advice and assistance to four Members on the proper completion of their disclosure forms.

Access to the public part of the disclosure forms

There have been three requests for access to the public part of the disclosure forms.

Complaints

The Committee received two complaints of alleged breaches of the Code in the 2016/17 financial year. In respect of the one complaint, after investigation by the Registrar, it was found that there was no contravention of the Code and no further action to be taken by the Committee. The other complaint, which was lodged in February 2017, is still pending before the Committee.

A complaint lodged during the previous financial year was finalised after the Committee conducted a hearing. The particular Member was found guilty after which the Committee recommended a sanction in terms of the Code. The recommendation as contained in the Committee's report is yet to be finalised by the House.

5.2 Staff

The WCPP's staff complement reduced by five during the financial year under review. Two employees retired during the year, which resulted in the labour turnover seeming higher than what was experienced in previous years.

All employees attended Project GROW training sessions throughout the year. The main topics this year were Leadership, Thinking and Achieving Competencies. In feedback groups it became clear that employees valued the training greatly and realised the positive impact in the workplace as well as in their personal lives.

The WCPP commenced a process of functional enhancement whereby the WCPP seeks to ensure that resources are utilised optimally. There will be assessments of the structure and the manner in which functions are grouped together. In addition, business processes will be analysed and re-engineered where required and resources reallocated.

5.3 Supply Chain Management

All Supply Chain Management practitioners complete a Declaration of Interest annually, the latter notwithstanding the Code of Conduct which governs Supply Chain Management officials. All employees who take part in bid committees, that is Bid Specification, Bid Evaluation and Bid Adjudication Committees, are also required to declare their interest.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Discovery of blue asbestos in the parliamentary precinct

During the year under review blue asbestos was discovered in the parliamentary precinct which resulted in the closure of the Chamber, the Members' Lounge and other facilities on the sixth floor. The Department of Transport and Public Works appointed an approved inspection authority to conduct further testing and analysis of samples.

The project started during the second quarter of 2016/17 and blue asbestos was safely removed during February 2017. During this period the WCPP used the facilities provided by the City of Cape Town (Council Chambers at 27 Wale Street) for parliamentary sittings.

Fire rationale project

The fire rationale project was introduced to ensure that the complex at 7 and 15 Wale Street complies with all Occupational Health and Safety regulations with regard to safe evacuation procedures during an emergency. The project (installation of new fire safety doors, signage and escape routes) was completed and signed off during March 2017.

7. RULES COMMITTEE

Date of meetings	Committee Resolution	Progress made in addressing / resolving the matter
28 August 2015	The parliamentary administration was requested to undertake a comprehensive assessment of the immediate and future accommodation needs, including the security requirements of Parliament, in conjunction with the Department of Transport and Public Works.	A task team was established and the WCPP and the Department of Transport and Public Works' officials are continuing to look at ways to resolve the accommodation challenges in the WCPP. In due course they will submit a proposal to the Rules Committee for consideration and resolution.

8. PARLIAMENTARY OVERSIGHT COMMITTEE

The following SCOPA resolution was transferred to the Parliamentary Oversight Committee during the 2015/16 financial year for follow-up:

Financial Year	Background / Concerns	Recommendations	Action date	Response by the WCPP	Resolved Yes/No
2011/12	<p>Page: 85 of the Annual Report.</p> <p>Heading: "Movable Assets".</p> <p>Description: The Committee is concerned that no policy or register exists within the Western Cape Provincial Parliament and the Office of the Speaker that manages heritage assets in terms of their identification, promotion, protection, conservation and value.</p>	<p>2.1.19: Provincial Parliament urgently drafts a policy in this regard and presents it to this Committee, and informs the Rules Committee thereof.</p>	15 April 2013	Heritage is covered under the comprehensive asset management policy which comes into effect on 1 January 2017.	Yes

2014/15

The Parliamentary Oversight Committee, having considered the Annual Report of the Western Cape Provincial Parliament for the 2014/15 financial year, reports as follows:

1. Introduction

The Annual Report (AR) of the Western Cape Provincial Parliament (WCPP) was referred to the Parliamentary Oversight Committee (hereinafter “the Committee”) on Friday 28 August 2015. Although the Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009, as amended, hereinafter “the Act” or “FMPPLA”, only came into effect on 1 April 2015, and the WCPP AR in question is for the financial year ending March 2015, the AR was referred to the Committee for consideration as the body that is tasked with the consideration of the WCPP annual reports in terms of section 60 of the Act.

The purpose of the Act is to regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution, to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently, to provide for the responsibilities of persons entrusted with financial management and to provide for matters connected therewith. In compliance with the spirit of section 4 of the Act, the Committee considered the AR of the WCPP to maintain oversight of the financial management of the WCPP for the financial year in question.

As the AR in question predates the implementation date of the Act, the Committee noted that the Auditor-General’s audit outcomes were based on the applicable prescripts of the Public Finance Management Act, Act 1 of 1999. The Committee kept this in mind throughout its interaction with the Auditor-General, the Audit Committee and the WCPP.

2. Overview

The Committee met on 14 October 2015 at 08:00 where it was briefed by the Auditor-General (hereinafter “the AG”) on the PFMA audit outcomes of the 2014/15 financial year for WCPP. After the briefing by the AG the Committee was briefed by the Audit Committee (hereinafter “the AC”) whose role is to ensure that the WCPP functions according to good governance principles, complies with accounting and audit standards and monitors that appropriate risk management arrangements are in place. The AC also monitors the adequacy and reliability of the financial information provided by the WCPP.

The Committee’s methodology was to meet with these bodies first to benefit from their findings and possible concerns to assist the Committee to have a constructive oversight engagement with the WCPP.

The Committee met with the WCPP at 09:30 where introductory comments were made by the Speaker and the Secretary to Parliament. A page-by-page oversight discussion ensued with the management of the WCPP.

3. Findings

3.1 The Committee noted that the AG:

3.1.1 Expressed an opinion that the financial statements presented fairly, in all material respects, the financial position of the institution as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with modified cash standard and requirements of the Provincial Parliament Treasury directives.

- 3.1.2 Reported that the WCPP maintained an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.
- 3.1.3 Found no material findings related to predetermined objectives, procurement, contract management and human resources and compensation.
- 3.1.4 Identified no significant deficiencies in internal control relevant to the audit of the financial statements.
- 3.1.5 Reported that the WCPP's current financial system is not capable of supporting the preparation of a Generally Recognised Accounting Practice (GRAP) compliant financial statements without significant effort and year-end pro-forma journals.
- 3.1.6 Reported that of the under expenditure only R67 000 (3,1%) related to under expenditure on capital budget and that the underspending had no impact on service delivery of the institutions predetermined objectives.
- 3.2 The Committee also noted that the AC:
- 3.2.1 Provided an independent oversight of the legislature's system of risk management. The AC reported that the WCPP is definitely more risk aware after establishing an Enterprise Risk Management Committee to assist the Accounting Officer in executing her responsibilities relating to risk management. There are, however, initiatives and projects identified to address risks that were not implemented due to budgetary constraints. Notwithstanding this, the AC reported that the risk management system and processes that were put in place ensured a clear improvement in addressing and minimising risks that could negatively impact on the outcomes of the WCPP.
- 3.2.2 After having evaluated the Annual Financial Statements, concurred with and accepted the AG's opinion regarding the Annual Financial Statements and proposed that the audited Annual Financial Statements be accepted and read together with the report of the AG.
- 3.2.3 Reported that any changes to the accounting policies, other than those reported by the AG, were adequately presented in the annual financial statements.
- 3.2.4 Acknowledged the progress the WCPP has made during the year in following up previously reported matters related to the Management Report.
- 3.2.5 Relating to internal control and control weaknesses, reported that Employee Wellness and Records Management were noted by Internal Audit as major areas for improvement.

Employee wellness is a risk area due to the fact that there is a marked increase in absenteeism as opposed to previous financial years due to stress and a discontented workforce.

Key controls to mitigate risks relating to records management were absent or inadequate. No records manager was in place. There were instances of non-adherence to the file plan and the processes in place were not consistently applied and policies and procedures that were in place needed to be strengthened. There were no policies in place to ensure adherence to records disposal procedures.

The status of implementation on corrective actions is a standing item on the quarterly Audit Committee agenda and as such, the Committee reviews progress quarterly.

- 3.2.6 Highlighted that during the year under review the Internal Control Unit completed inspections identifying control gaps and areas where management could minimise risks mostly related to asset management, human resource termination process and tender process.
- 3.2.7 Relating to risk management, was satisfied with the content and quality of the quarterly financial and performance reports prepared and issued by the Accounting Officer of the WCPP during the year under review.
- 3.3 Resource constraints (financial as well as human resources) led to non-achievement of some predetermined objectives. Examples are the skills development plan that could not be implemented earlier and the manual conversion to GRAP. The financial constraints also resulted in the inability to renew the contracts of contract workers.
- 3.4 The FMPPLA was approved in September 2014, with the main financial impact on the institution being the requirement to move to a GRAP-compliant Enterprise Resource Planning (ERP) system. The planning to move to this system is ongoing with an implementation date of 1 April 2017. The WCPP set aside R2 million from the 2014/15 budget to contribute to ERP system that is estimated to cost between R6 million and R8 million. There is continuous engagement with the Provincial Treasury on the finances that are needed to implement the system.
- In the interim the institution has to do manual conversions to comply with Treasury Regulations in relation to accrual accounting. Tenders have been solicited to assist the institution in this regard in the interim period. Modernisation of not only the financial management systems but also the human resource systems is needed as the current systems are not integrated. At present the administrative burden is heavy due to the incompatible systems.
- 3.5 The human resource delegations and the organisation design guidelines were compiled but are pending approval. Implementation of targets were not met as the staff skills assessments had to be done over more than one financial year due to the cost involved and procurement challenges.
- 3.6 The review of the accommodation plan was not achieved as planned, as the organisation is still busy with a planned organisation development exercise which impacts on the accommodation needs. Once the process is completed, the WCPP will engage the Treasury for the finances required to support the organisation-design requirements. The pace of finalising the accommodation plan is slow due to many factors that have to be considered, including the work-study outcome that could affect staffing accommodation needs. The precinct is not disabled-friendly, thus further contributing to the need for suitable accommodation that caters for all the needs of the institution.
- 3.7 The Standard Operating Procedure for Security could not be finalised as the Security Plan was not approved.
- 3.8 The Information Technology maturity level has improved with the Approved ICT Governance Framework Policy and associated policies, processes and implementation thereof. A Disaster Recovery site is a need that has to be budgeted and planned for.

- 3.9 A Draft Monitoring and Evaluation (M&E) Strategy was compiled but not approved as there was still uncertainty regarding the functionality of the M&E (centralised or decentralised). In the absence of adequate capacity the Chief Treasury Officer was used to administer the M&E function and the institution has committed to a much stronger focus on M&E in future.
- 3.10 Invoices not paid within 30 days were mostly related to technical matters and disputes related to the invoices. One invoice could not be paid as the Service Level Agreement was not yet in place at the time that the invoice was received.
- 3.11 The asset register was not 100% reconciled to actual assets as some assets were incorrectly classified as consumables and there were also virtual locations that should not have been on the asset register.
- 3.12 The WCPP was one of the respondents along with National Parliament and the other Provincial Legislatures in the Constitutional Court case relating to the Restitution of Land Rights Amendment Act, Act 15 of 2014. The institutions are being challenged as to the constitutionality of the public-participation process that was followed while this Act was a Section 76 Bill. To date the institution has spent R327 000 on the case. R164 000 was spent during the year of review.
- 3.13 The process for any political party to make use of private security within the precincts of the WCPP should be clarified.

4. Information requested

4.1 The Committee requested the WCPP to:

List of information requested		WCPP response	Resolved? Yes/No
4.1.1	Provide it with a report on the policy formulation relating to the use of private security in the Parliamentary precinct;	Security at the WCPP is regulated by the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004 and the National Key Points Act, 1980. Neither of these two Acts prohibits the use of private security in the parliamentary precincts, with the permission of and under the authority of the Speaker.	Yes
4.1.2	Provide it with a list of the risks identified by Internal Audit and how the risks were mitigated;	Information provided to the Committee on 16 November 2015.	Yes
4.1.3	Provide it with the list of beneficiaries in terms of fees paid relating to:	Information provided to the Committee on 16 November 2015.	Yes
4.1.3.1	consultants: business and advisory services;		
4.1.3.2	contractors;		
4.1.3.3	agency and support or outsourced services;		
4.1.3.4	performance awards that were awarded;		
4.1.3.5	travel;		
4.1.3.6	training; and		
4.1.3.7	legal services;		

List of information requested		WCPP response	Resolved? Yes/No
4.1.4	Finalise outstanding matters relating to previous year's Public Accounts recommendations as contained on pages 71 and 72 of the Annual Report (having noted that progress has been made in finalising most, if not all, of these matters), as follows:		
4.1.4.1	The Speaker provides guidelines to all committees as to the treatment of classified documents submitted to committees;	The guidelines for the treatment of classified documents were included in the rules review and distributed to Members during March 2016.	Yes
4.1.4.2	The Speaker provides guidelines to all committees regarding in-committee processes vis-à-vis clause 28 (1) to (3) of the Western Cape Constitution;	The guidelines to all committees regarding in-committee processes in relation to clause 28(1) to (3) of the Western Cape Constitution were included in the rules review distributed to Members during March 2016.	Yes
4.1.4.3	Provincial Parliament prioritises the customisation and implementation of the Sector Oversight Model;	The Oversight and Accountability Policy was approved by the Executive Authority and forwarded to the Committee during March 2017.	Yes
4.1.4.4	Provincial Parliament ensures that heritage assets are located, valued and properly conserved, publishes a heritage asset register and that a policy in this regard is finalised; and	Heritage is covered under the comprehensive asset management policy which came into effect 1 January 2017.	Yes
4.1.4.5	Provide the Committee with a report explaining the 16 instances, to the accumulated value of R228 717,75, where payments were settled in more than 30 days.	Information provided to the Committee on 16 November 2015.	Yes
4.2	The Committee requested the Audit Committee to provide it with a list of risks identified related to employee wellness and records management.	Information provided to the Committee on 16 November 2015.	Yes

5. Conclusion

The Committee commends the institution for maintaining an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.

The Committee also recognises that the requirements of the FMMPLA for the WCPP to move to an integrated system that will result in GRAP-compliant annual financial statements that facilitates the flow of information between all business functions, places strain on the organisation. Some of the implications of the FMMPLA are as follows:

- Changes are required to existing processes. In the interim, prior to the implementation of the ERP GRAP-compliant system, the institution has to do manual conversions to comply with Treasury Regulations in relation to accrual accounting;
- Modernisation of not only the financial management systems but also the human resource systems are needed as the current systems are not integrated. At present the administrative burden is heavy due to the incompatible systems;
- Standard operating procedures that will align and support the requirements of an integrated financial management system has to be drafted;

- Operational readiness to ensure the adequate migration from a modified-cash basis of accounting to GRAP will have to be ensured; and
- Budget constraints to exercise the operational requirements of the ERP system fully will have to be overcome.

The Committee will continue to engage with the institution on its budget, the FMMPLA implementation plan, and outstanding matters that was identified in section 4 above.

6. Acknowledgments

The Chairperson expressed the Committee's appreciation for the responses of the various role players to the oversight work of the Committee related to the WCPP's AR for the year ending March 2015 and thanked the AG, the AC, Internal Audit, the presiding officers and the WCPP administration for their efforts and contributions in this regard.

2015/16

REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE 2015/2016 ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT, DATED 16 NOVEMBER 2016

1. Introduction

The Annual Report of the Western Cape Provincial Parliament (hereinafter "WCPP") was tabled for the 2015/16 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009, hereinafter "the Act" or "FMPPLA", and referred to the Parliamentary Oversight Committee (hereinafter "the Committee") on Wednesday 31 August 2016. The Annual Report of WCPP serves to provide a record of the activities and performance of the administration of Parliament and to promote accountability for decisions made during the year by Parliament's administration. The performance of the WCPP is measured against the performance targets and budget outlined in the Strategic Plan and Annual Performance Plan of the WCPP.

The purpose of the FMPPLA is to regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently; to provide for the responsibilities of persons entrusted with financial management; and to provide for matters connected therewith. In compliance with the spirit of section 4 of the Act, the Committee considered the AR of the WCPP to maintain oversight of the financial management of the WCPP for the financial year in question.

2. Overview

The Committee met on 1 November 2016 at 08:00 where it was briefed by the Auditor-General (hereinafter "the AG") on the FMPPLA audit outcomes of the 2015/16 financial year for WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (hereinafter "the AC") whose role is to ensure that the WCPP functions according to good governance principles, complies with accounting and audit standards and monitors that appropriate risk-management arrangements are in place. The AC also monitors the adequacy and reliability of the financial information provided by the WCPP.

The Committee's methodology was to meet with these bodies first to benefit from their findings and possible concerns to assist the Committee to have a constructive oversight engagement with the WCPP.

The Committee met with WCPP thereafter where introductory comments were made by the Speaker and the Secretary to Parliament. The 2015/16 Annual Report of the WCPP is the first report on the five-year Strategic Plan 2015/16 to 2019/2020. A page-by-page oversight discussion ensued with the management of the WCPP.

3. Findings

3.1 The Committee noted that the Auditor-General:

- 3.1.1 Disclosed that, according to note 2.1 and 41 of the financial statements, an accounting change occurred in the institution during the 2015/16 financial year, from the modified-cash standard to the standards of Generally Recognised Accounting Practice (hereinafter "GRAP").
- 3.1.2 Expressed an opinion that the financial statements presented fairly, in all material respects, the financial position of the Western Cape Provincial Parliament as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the South African standards of GRAP and the requirements of the FMPPLA.
- 3.1.3 Reported that WCPP maintained an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.
- 3.1.4 Found no material findings related to predetermined objectives, procurement, contract management and human resources and compensation.
- 3.1.5 Reported that the corresponding figures for 31 March 2015 have been restated as a result of errors that were discovered during the 2015/16 financial year in the financial statements of the WCPP.
- 3.1.6 Did not identify any significant deficiencies in the internal control systems of the WCPP.
- 3.1.7 Highlighted that the WCPP was busy performing an investigation into an allegation of possible misappropriation of funds through fraudulent claims as at 31 March 2016.

3.2 The Committee also noted that the Audit Committee:

- 3.2.1 Indicated that there were no unresolved matters relating to operational and compliance controls implemented or in the process of being implemented by the WCPP.
- 3.2.2 Highlighted that the WCPP's Internal Control Unit Section consisted only of one employee who reports to the Chief Financial Officer. This reality limited the unit's ability to increase its coverage on its number of inspections for the financial year under review.
- 3.2.3 Has noted some aspects of the system of Internal Control applied by the WCPP that were in need of improvement, such as:
 - 3.2.3.1 Oversight visits: risk of loss and injury to members of WCPP due to inadequate security services that were provided during external public hearings or visits by the standing committees.
- 3.2.4 Reported that any changes to the accounting policies, other than those reported by the AG, were adequately presented in the annual financial statements.
- 3.2.5 Acknowledged that progress has been made with the roll-out of the Enterprise-Wide Risk Management and the alignment of the key risks of the Legislature that is attached thereto.

3.2.6 Highlighted that it will monitor the following risks that could impact negatively on the WCPP such as:

- 3.2.6.1 Treasury regulations;
- 3.2.6.2 FMPPLA: the introduction of GRAP in the WCPP;
- 3.2.6.3 FMPPLA: Supply Chain Management regulations and adherence to National Treasury rules which change continuously;
- 3.2.6.4 Cash-flow management under budgetary constraints;
- 3.2.6.5 Reputational and service delivery risks due to budgetary constraints;
- 3.3.6.6 All systems that supports GRAP; and
- 3.3.6.7 The successful implementation of an enterprise resource package that will support the operation and effective GRAP accounting disclosure.

3.2.7 Noted the commitment of the Secretary and his team to address the control deficiencies reported, and to achieve once again a clean audit with no findings. This is an achievement under the circumstances as there was a change of Secretary and at the same time the onerous implementation of FMPPLA and GRAP standards during the financial year under review.

3.2.8 Conducted four internal audit assurance engagements for the year under review, namely;

- 3.2.8.1 Oversight visits;
- 3.2.8.2 Performance management;
- 3.2.8.3 Transfer payments; and
- 3.2.8.4 Plenary support as indicated on page 66 of the 2015/16 Annual Report

3.2.9 Acknowledged that the WCPP has established an Enterprise Risk Management Committee to assist the Accounting Officer in executing his duties as it relates to risk management.

4. Resolutions

4.1 The Committee recommended that the WCPP:

Recommendations		Response by the WCPP	Resolved Yes / No
4.1.1	Briefs the Committee on its organisational structure;	This matter has been scheduled as an agenda item for discussion for the meeting programmed for 26 May 2017.	Yes
4.1.2	Briefs it on the challenges that were experienced during the implementation of the Enterprise Resource Planning System initiation that took place during the 2015/16 financial year;	The Committee was briefed during the third quarter of the 2016/17 financial year.	Yes
4.1.3	Briefs it on the band of employees who received performance rewards for the 2015/16 financial year, including an explanation to the reasons why the rest of the institution's staff did not receive such a reward;	This matter has been scheduled as an agenda item for discussion for the meeting programmed for 25 August 2017.	Yes
4.1.4	Briefs it on the internal control weaknesses which relates to oversight visits, risk losses, treasury and supply chain management regulations, as well as the cash-flow challenges that was experienced by the Western Cape Provincial Parliament during the 2015/16 financial year; and	This matter has been scheduled as an agenda item for discussion for the meeting programmed for 25 August 2017.	Yes

Recommendations		Response by the WCPP	Resolved Yes / No
4.1.5	Develops and implements a mechanism that may reduce the costs associated with institutional catering.	This matter has been scheduled as an agenda item for discussion for the meeting programmed for 26 May 2017.	Yes

5. Information requested

5.1 The Committee requested that the WCPP provide it with the following:

List of information requested		WCPP response	Resolved? Yes/No
5.1.1	A report that indicates whether the WCPP has focused on value-added auditing during the 2015/16 financial year, as indicated on page 4 of the Audit Committee briefing document to the Committee;	Information provided to the Committee on 31 January 2017.	Yes
5.1.2	A detailed report which highlights the total number of subprocesses that required internal audit coverage for the 2015/16 financial year, as indicated on page 7 of the Audit Committee briefing document to the Committee;	Information provided to the Committee on 31 January 2017.	Yes
5.1.3	A report on the benefits that were derived from the launching of Project Grow by the WCPP for the 2015/16 financial year, as indicated on page 20 of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.4	A copy of the Oversight and Accounting Policy document that was submitted to the Executive Authority for approval, as indicated on page 21 of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.5	A detailed report that highlights the mechanism used to measure the outcomes of the outreach programmes of the Public Education and Outreach Section of the WCPP, as indicated on page 22 of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.6	A list of the heritage assets in WCPP, in accordance with the asset management plan, including the market value of these heritage assets, as indicated on pages 53 and 155 (Note 12) of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.7	A copy of the rectified draft age profile of employees of the WCPP, as indicated on page 84 (Table 9.9) of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.8	A report on the misconduct and disciplinary hearings that were finalised by the WCPP during the financial year under review, as indicated on pages 90 and 91 of the Annual Report;	Information provided to the Committee on 31 January 2017.	Yes
5.1.9	A detailed report on the investigation of the WCPP into an allegation of possible misappropriation of funds through	The Committee was informed that this report can only be obtained from the Conduct Committee.	Yes

List of information requested		WCPP response	Resolved? Yes/No
	fraudulent claims, as indicated on page 97 (Note 20) of the Annual Report;		
5.1.10	A copy of Directive 8: Transitional Provisions for Parliament for the Provincial Legislatures of GRAP as prescribed by the Accounting Standards Board and complied with by the WCPP, as indicated on page 138 of the Annual Report; and	Information provided to the Committee on 31 January 2017.	Yes
5.1.11	A breakdown of all overseas travel for the 2015/16 financial year, as indicated on page 167 (Note 28) of the Annual Report.	Information provided to the Committee on 31 January 2017.	Yes

6. Conclusion

The Committee commends the Western Cape Provincial Parliament for maintaining an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.

The Committee will continue to engage with the institution on its budget, FMMPA implementation, and outstanding matters that were identified in the aforementioned sections, which contains the Committee's resolutions and request for information.

7. Acknowledgments

The Chairperson expressed the Committee's appreciation for the responses of the various role players to the oversight work of the Committee related to the WCPP's AR for the year ending March 2016 and thanked the Auditor-General of South Africa, the Audit Committee, Internal Audit, the presiding officers and the WCPP administration for their efforts and contributions in this regard.

8. Public participation

The Western Cape Provincial Parliament's Annual Report Programme for the 2015/2016 financial year was advertised in newspapers inviting stakeholders and members of the public to attend and participate in the discussions.

Members of the public were also given an opportunity to pose questions and to make input during the discussions. No input was received.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to the audit report during the 2016/17 financial year

10. INTERNAL CONTROL UNIT

The Internal Control Unit continued to function with one employee for most of the financial year, with an additional appointment at the end of the financial year.

The unit continued its work in identifying internal control weaknesses through inspections and assisting in audit preparation through post-auditing of all transaction documentation.

Three areas were planned and completed during the year:

- Credit-card usage;
- Parliamentary boutique;
- Stationery; and
- Predetermined objectives.

Follow-up inspections were conducted on inspections concluded in the previous year.

The unit also regularly follows up on any Internal Audit and Auditor-General findings to facilitate completion within the required timeframes.

Loss control investigations are also conducted with losses either being written off where necessary or recouped when possible.

The unit continues to act as a liaison between the WCPP and Department of the Premier that performs the Internal Audit function as an agency service, inclusive of the Audit Committee.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Institution. It assists the Institution to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes.

The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the Institution's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process; and
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

The following assurance engagements were approved and completed in the 2016/17 Internal Audit Plan:

- Physical Security;
- Language Services – Translations;
- Transfer Payments;
- Legal Services;
- Disaster Recovery Plan; and
- ICT Governance.

The Audit Committee is established as oversight bodies, providing independent oversight over governance, risk management and control processes in the Institution, which include oversight and responsibilities relating to:

- Internal Audit function;
- External Audit function (Auditor-General of South Africa - AGSA);
- Accounting and reporting;
- Accounting Policies;
- Review of AGSA management and audit report;
- Review of In-year Monitoring;
- Risk Management;
- Internal Control;
- Pre-determined objectives; and
- Ethics and Forensic Investigations.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Mr Mervyn Burton	CA(SA); CFP; B Compt (Hons); B Compt	External	01 January 2012	N/A	8
Mr Louw van der Merwe	CA(SA); ACMA; CIA; CISA; CRMA	External		Contract ended November 2016	8
Mr Zaid Manjra	Master of Business Leadership (MBL); CA (SA) Cost & Management Accountant – CIMA (Passed Finalist)	External		Resigned in April 2016	2
Ms Merle Kinnes	BA; LLB; Certificate Forensic Examination; Attorney of the High Court of SA	External	1 January 2016	N/A	9
Mr Yaseen Ismail	CA (SA), RA, Tax (Hons), CFE	External	1 May 2016	N/A	7
Mr Jeremy James Fairbairn	Certificate in General Management and Consultancy; Hons B Com (Business Management), B Com Hons, Higher Diploma in Education, B Com (Law)	External	1 January 2017 (first term)	N/A	1

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **Section 48** of the Financial Management of Parliament and Provincial Legislatures Act (**FMPPLA**). The Audit Committee also reports that it has adopted an appropriate formal Terms of Reference, has regulated its affairs in compliance with these Terms and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA and Treasury Regulations, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved 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 engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

- Physical Security;
- Language Services – Translations;
- Transfer Payments;
- Legal Services;
- Disaster Recovery Plan; and
- ICT Governance.

The areas for improvement, as noted by internal audit during performance of their work, were agreed to by management. The Audit committee monitors the implementation of the agreed actions on a quarterly basis.

In-Year Management and Monthly/Quarterly Report

The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Officer of the Institution in terms of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA).

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 Auditor-General South Africa (AGSA) and the Accounting Officer;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements; and
- reviewed material adjustments resulting from the audit of the Institution.

Compliance

- The Audit Committee has reviewed the Institution's processes for compliance with legal and regulatory provisions;

Performance Information

- The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report;

Report of the Auditor-General South Africa

The Audit Committee has:

- reviewed the AGSA's Management Report and Management's responses thereto;
- on a quarterly basis reviewed the Institution's implementation plan for audit issues raised in the prior year; and
- 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 raised by the AGSA are monitored by the Audit Committee on a quarterly basis.

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

The Audit Committee commends the Institution for maintaining an unqualified audit opinion with no material findings.



Mervyn Burton
Chairperson of the Audit Committee
Western Cape Provincial Parliament
10 August 2017

WESTERN CAPE PROVINCIAL PARLIAMENT



PART D HUMAN RESOURCE MANAGEMENT



On 7 December 2016 WCPP employees participated in a teambuilding event based on the popular TV reality series, the *Amazing Race*



The Speaker, Secretary and employees of the WCPP pledged their support of *16 Days of Activism for no Violence Against Women and Children* on 25 November 2016

1. INTRODUCTION

The Human Resources section of the Annual Report provides in-depth information on the human-resources-related activities of the WCPP for the year under review. While most of the information tends to be statistical, graphs and analyses are included to provide readers with a better sense of the impact or significance of the statistics reflected.

Human resources management has increasingly moved to a strategic, value-adding service and this will reflect in this Annual Report.

NOTE: Please note that in all statistical information provided, the figures will relate to all employees who were employed for the entire financial year. Only where it is expressly stated "As at 31 March 2016 or 1 April 2017" will the figures reflect the position on that particular day.

2. HUMAN RESOURCES STRATEGY

While the focus of the previous five-year HR Strategy was retention, the focus of the current HR Strategy is modernisation.

The main focus area is the acquisition of an integrated human resources, financial management and procurement system. It is envisaged that the increased integration and automation will add greatly to the modernisation of the transactional and reporting processes, but will also allow employees to devote more time on value-adding modern human resources processes.

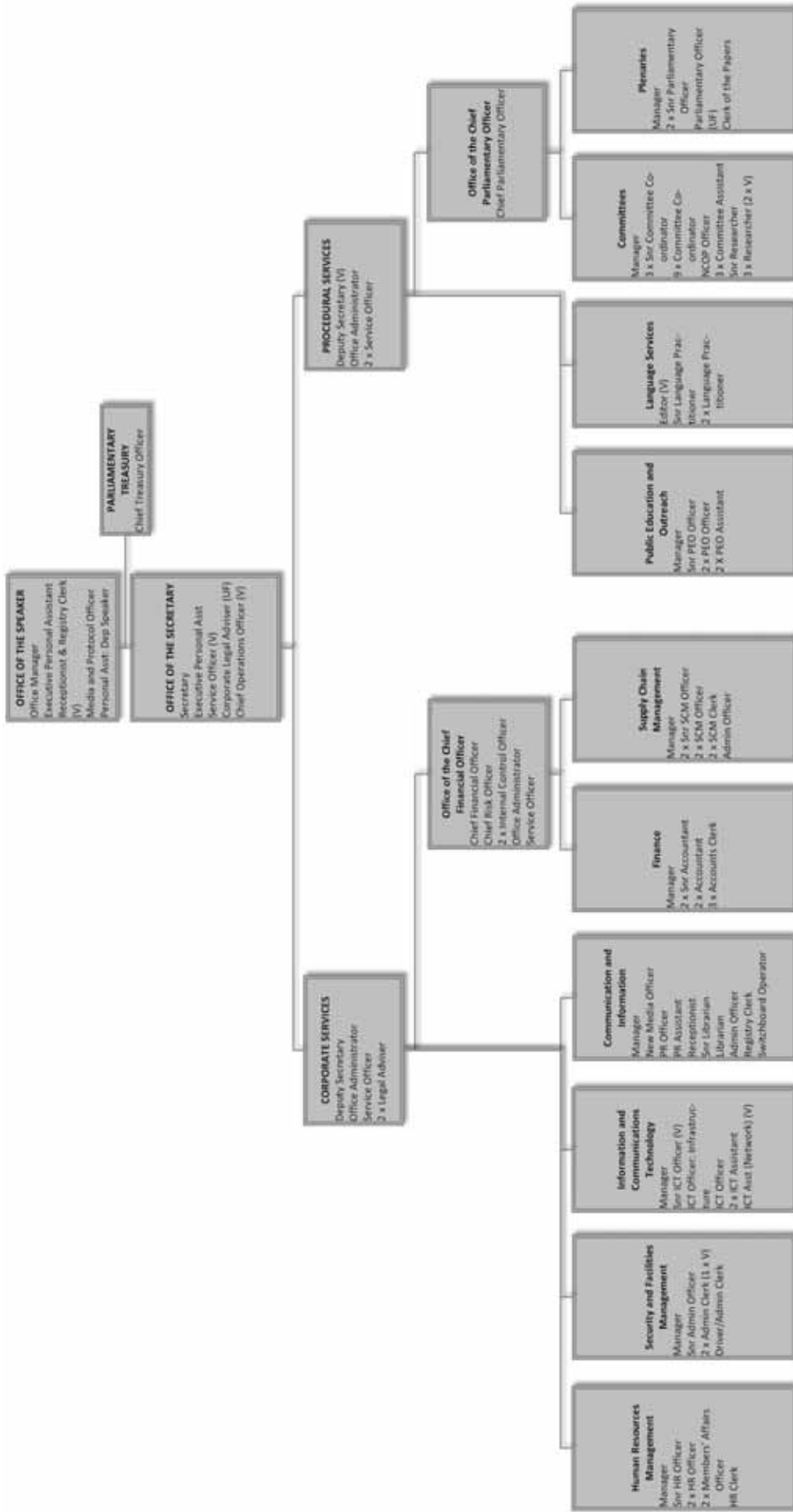
The organisation-wide skills development programme, called Project GROW, which commenced in October 2015, carried on throughout the 2016/17 financial year. The training seeks to build a solid foundation that is shared between all employees and providing the critical skills that are required for individual effectiveness. In feedback from workshops held in November 2016, individual benefits seem to be overwhelmingly positive with 92% of employees indicating that they are enjoying the programme, 86% indicating that it benefits them in their work environment and 84% indicating that it has a positive effect on them in their broader life.

Below is a tabular display of some indicators in human resources management and the organisational landscape over the past six years:

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
*Personnel expenditure	24,5 million	27 million	32 million	39 million	46 million	49 million
Vacancy rate	10%	17%	9,3%	6,6%	3,8%	4,8%
Employee complement	78	78	88	99	101	99
Appointments	15	12	16	15	11	12
Terminations	6	9	4	3	5	5
Average sick leave	8.6	7.04	5	6	8.18	9
Study assistance	23	19	12	12	12	16

*Modified cash figures

3. ORGANISATIONAL STRUCTURE as at 31 March 2017



4. EXPENDITURE

The WCPP budgets in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 4.1) and by salary bands (Table 4.2). In particular, it provides an indication of the amount spent on personnel costs in of each of the programmes or salary bands.

NOTES:

- a) Some employees were on more than one salary band or level during the financial year. They would then be reflected on more than one level, resulting in employee totals seeming not to tally.
- b) There is a difference between the personnel expenditure in the financial statements and the personnel expenditure in the annual report. This is as a result of conversion from modified-cash accounting to accrual accounting. The financial statements include provisions for employee benefits that is not actual payments, among others.

4.1 Personnel costs by programme, 2016/17

Programme	Personnel expenditure R'000	Total expenditure R'000	Training expenditure R'000	Personnel cost as a % of total expenditure	Average personnel cost per employee R'000
Programme 1 Administration	36 492	55 228	807	66%	521
Programme 3 Parliamentary Services	16 800	22 479	303	75%	494
Total	53 292	77 707	1 110	69%	498

**This amount excludes statutory appropriation for Members of the WCPP and Programme 2: Facilities and Benefits for Members and Political Parties.*

Programme 3 historically has fewer employees than Programme 1 as a result of more sections making up Programme 1. These include the offices of the Speaker and Secretary. On 31 March 2017, there were 63 employees in Programme 1 and 32 in Programme 3.

4.2 Personnel costs by salary bands, 2016/17

Salary bands	Number of e'e	Personnel expenditure R'000	Percentage of total personnel cost	Average personnel cost per employee R'000
Lower skilled (Band A1–B1)	5	1 063	2%	213
Skilled (Band B2–C3)	63	23 919	45%	380
Highly skilled production (Band C4–5)	19	10 736	20%	565
Highly skilled supervision (Band D1–D3)	13	11 969	22%	920
Senior management (Band D4–E2)	4	5 547	10%	1 387
Interns	3	58	0.1%	19
Total	107	53 292	100%	498

* Other payments refer to life insurance for employees that are paid monthly for the entire employee complement.

4.2.1 Personnel costs by population group, 2016/17

Beneficiary profile	Number of e'e	Personnel cost by race R'000	Percentage of total personnel cost
African	25	11 133	21%
Indian	5	3 126	6%
Coloured	60	30 143	57%
White	14	8 832	17%
Interns and other payments	3	58	0.1%
Total	107	53 292	100%

4.2.2 Personnel costs by gender, 2016/17

Beneficiary profile	Number of e'e	Personnel cost by gender R'000	Percentage of total personnel cost
Male	54	30 718	57%
Female	50	22 516	42%
Interns and other payments	3	58	0.1%
Total	107	53 292	100%

The following tables provide a summary per programme (Table 4.3) and salary bands as a percentage of total personnel cost (Table 4.4) and salary bands as a percentage of the total personnel cost for that band (Table 4.5) of expenditure incurred as a result of salaries, overtime, home owner's allowance and medical assistance. These tables exclude Interns and Other Payments as explained above.

4.3 Salaries, overtime, home owner's allowance and medical aid by programme, 2016/17

Programme	Salaries		Overtime		Home owners allowance		Medical assistance	
	Amount R'000	Salaries as a % of personnel cost per program- me	Amount R'000	Overtime as a % of personnel cost	Amount R'000	HOA as a % of personnel cost	Amount R'000	Medical assistance as a % of personnel cost
Programme 1	25 650	52%	122	0.25%	1 855	3.75%	377	0.76%
Programme 3	11 547	23%	168	0.34%	1 174	2.38%	254	0.51%
Total	37 197	75%	290	0.59%	3 029	6.13%	631	1.28%

4.4 Salaries, overtime, home owner's allowance and medical aid by salary bands, 2016/17 (percentage of the total personnel cost)

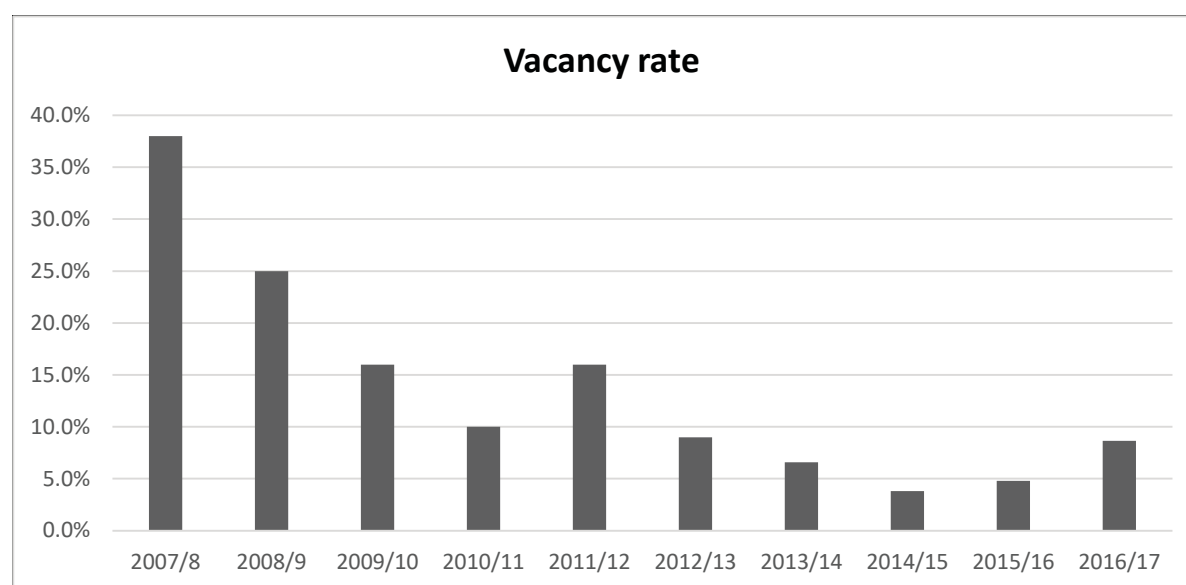
Salary bands	Salaries		Overtime		Home owner's allowance		Medical assistance	
	Amount R'000	Salaries as a % of total personnel cost	Amount R'000	Overtime as a % of total personnel cost	Amount R'000	HOA as a % of total personnel cost	Amount R'000	Medical assistance as a % of total personnel cost
Lower skilled (Band A1–B1)	590	1.19%	5	0.01%	159	0.32%	-	-
Skilled (Band B2–C3)	16 541	33.48%	146	0.3%	2 095	4.24%	417	0.84%
Highly skilled production (Band C4–5)	7 578	15.34%	127	0.26%	774	1.57%	116	0.24%
Highly skilled supervision (Band D1–D3)	8 484	17.17%	12	0.02%	-	-	61	0.12%
Senior management (Band D4–E2)	4 004	8.1%	-	-	-	-	37	0.07%
Total	37 197	75.29%	290	0.59%	3 029	6.13%	631	1.28%

**4.5 Salaries, overtime, home owner's allowance and medical aid by salary bands, 2016/17
(percentage of the respective salary bands)**

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of personnel cost per salary band	Amount	Overtime as a % of personnel cost per salary band	Amount	HOA as a % of personnel cost per salary band	Amount	Medical assistance as a % of personnel cost per salary band
	R'000		R'000		R'000		R'000	
Lower skilled (Band A1–B1)	590	57%	5	0.49%	159	16%	-	-
Skilled (Band B2–C3)	16 541	75%	146	0.61%	2 095	9.46%	417	2%
Highly skilled production (Band C4–5)	7 578	86%	127	1.18%	774	9%	116	1.33%
Highly skilled supervision (Band D1–D3)	8 484	77%	12	0.10%	-	-	61	0.55%
Senior management (Band D4–E2)	4 004	62.49%	-	-	-	-	37	0.57%
Total	37 197	75.41%	290	0.54%	3 029	6.13%	631	1.28%

5. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts (funded and unfunded) on the establishment, the number of employees and the vacancy rates. The information is presented in terms of three key variables, namely programme (Table 5.1), salary band (Table 5.2) and critical occupations.



There has been a steady decline in the vacancy rate of the WCPP since 2007/08. The WCPP embarked on an aggressive recruitment campaign combined with the implementation of the median of the relevant labour market remuneration. Two retirements in one year had a negative impact on the WCPP's vacancy rate for 2016/17.

5.1 Employment and Vacancies by Programme, 31 March 2017:

Programme	Number of posts	Number of funded posts	Number of filled posts	Vacancy Rate	Vacancy Rate for Funded Posts
Programme 1	72	70	63	12.5%	10%
Programme 3	36	34	32	11.00%	5.88%
Total	108	104	95	12%	8.6%

5.2 Employment and Vacancies by Salary Bands, 31 March 2017:

The information in each case reflects the situation as at 31 March 2017. For an indication of the staffing changes during the period under review, please refer to Section 7 of this report.

Salary band	Number of posts	Number of funded posts	Number of posts filled	Vacancy rate	Vacancy rate for funded posts
Lower skilled (Band A1–B1)	4	4	4	-	-
Skilled (Band B2–C3)	64	64	56	12.5%	12.5%
Highly skilled production (Band C4–5)	19	19	18	5.26%	5.26%
Highly skilled supervision (Band D1–D3)	16	13	13	18.75%	-
Senior management (Band D4–E2)	5	5	4	20%	20%
Total	108	104	95	12%	8.65%

5.3 Employment and Vacancies by Critical Occupation, 31 March 2017:

No critical occupation was identified at the beginning of the 2016/17 financial year.

6. SENIOR MANAGEMENT SERVICE INFORMATION

6.1 Filling of Senior Management Service posts:

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of Senior Management Service posts. The stipulations of the Public Service Regulations do not apply to the WCPP and hence they cannot be reported on.

Senior Management Service post information as on 31 March 2017

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
E2	1	1	100%	-	-
E1	2	1	50%	1	50%
D4	2	2	100%	-	-
Total	5	4	75%	1	25%

Advertising and filling of Senior Management Service posts for the period 1 April 2016 and 31 March 2017

No advertisements.

7. JOB EVALUATION

Seven positions were evaluated in the 2016/17 financial year. Three of these positions were new, so they did not result in any upgrade of salary levels, while two were graded at the same level as what they currently are.

7.1 Profile of employees whose positions were upgraded due to their posts being upgraded:

Occupation	Number of employees	Original Level	Job Evaluation Level
-	-	-	-

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

7.2 Employees with salary levels higher than those determined by job evaluation by occupation:

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Clerk	1	B3	B5	Historical Grade Creep
Percentage of total employed				1%

This employee is red-circled and specific principles apply to his/her remuneration.

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

7.3 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	-	-	1	-	1
Male	-	-	-	-	-
Total	-	-	1	-	-
Employees with a disability	-	-	-	-	-

8. EMPLOYMENT CHANGES

Total number of employees whose remuneration exceeded the grade determined by job evaluation in 2016/17	1
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This section provides information on changes in employment of the financial year. Turnover rates provide an indication of trends in the employment profile of the WCPP. The following tables provide a summary of turnover rates by salary band.

8.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Number of employees per band as on 1 April 2016	Appointments and transfers into the WCPP		Terminations and transfers out of the WCPP	Turnover rate
		Internal	External		
Lower skilled (Band A1–B1)	5	-	-	1	20%
Skilled (Band B2–C3)	60	-	3	7	11.66%
Highly skilled production (Band C4–5)	17	-	2	1	5.88%
Highly skilled supervision (Band D1–D3)	13	-	-	-	-
Senior management (Band D4–E2)	4	-	-	-	-
Total number of Employees	99	-	5	9	9%
Interns	-	-	3	-	

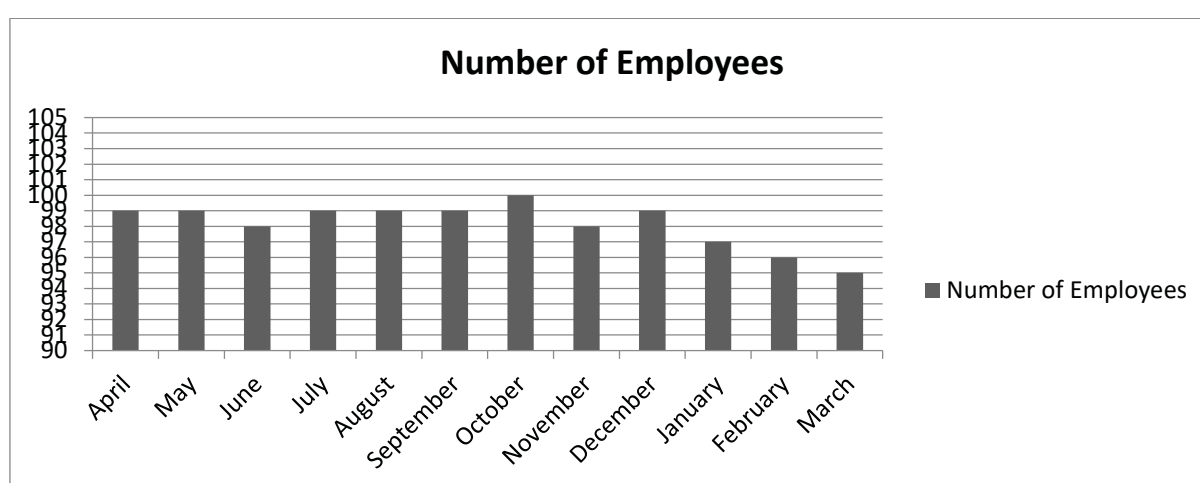
The WCPP was able to turn the tables drastically with regard to appointments and resignations over the last six years.

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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Appointments	12	19	15	5	11	5
Resignations	9	5	3	3	5	9
Ratio	4:3	3,8:1	5:1	1,7:1	2,2:1	1:1.8

The highest ratio of appointments to resignations was achieved in 2013/14 where it was double what we started with six years ago. The WCPP was very successful in addressing the major concern of the high vacancy rate.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Vacancy rate	16%	8%	6.6%	3.8%	4.8%	8.65%



The staff complement of the WCPP decreased during this financial year. Five appointments were made while nine employees left the institution. Two of the nine employees retired, one employee's contract expired and another employee was dismissed for misconduct.

8.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017

None

8.3 Reasons why staff are leaving the WCPP

Termination Type	Number	% of total
Death	-	-
Resignation	5	55.55%
Expiry of contract	1	11.11%
Dismissal – operational reasons	-	-
Dismissal – misconduct	1	11.11%
Discharged due to ill-health	-	-
Retirement	2	22.22%
Other	-	-
Transfers to other Public Service Departments	-	-
Total	9	8.65%
Total number of employees who left as a % of the total employment		
Interns	1	

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	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Vacancy rate	16%	8%	6.6%	3.8%	4.8%	8.65%

8.4 Promotions by critical occupation:

The WCPP's Recruitment and Selection Policy did not make provision for promotion during the financial year under review. At this stage no critical occupations have been identified.

8.5 Promotions by salary bands:

The WCPP's Recruitment and Selection Policy did not make provision for promotion during the financial year under review.

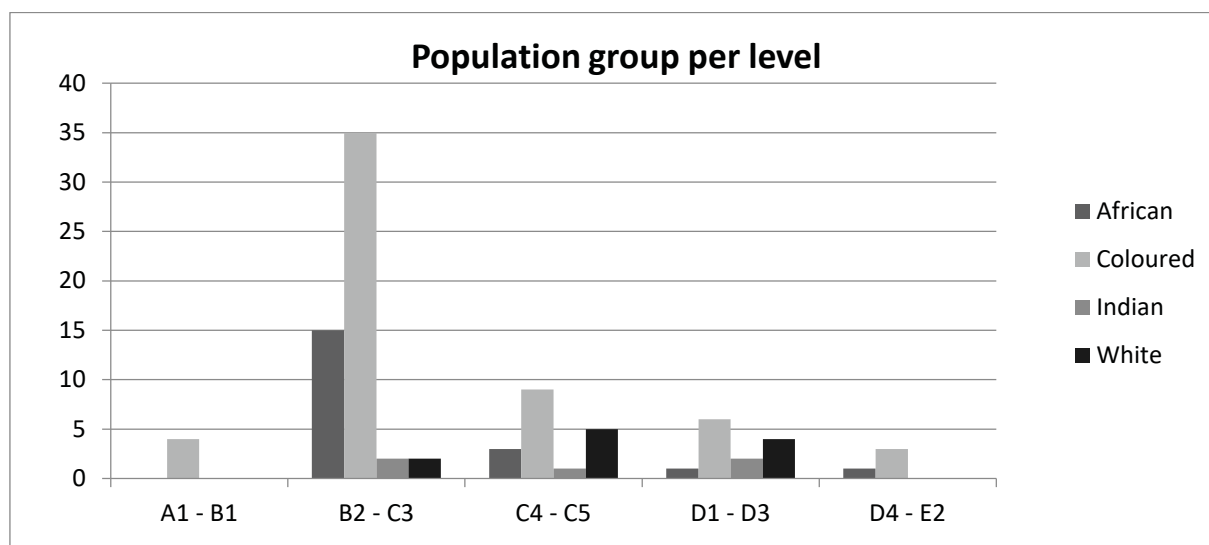
9. EMPLOYMENT EQUITY:

NOTE: For the purposes of this report, professionals are defined as occupations that require registration with a professional body in order to be employed at the WCPP.

9.1 Total number of employees (including employees with disabilities) in each of the following occupational bands from 1 April 2016 to 31 March 2017:

Occupational Levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (Bands D4–E2)	1	1	-	-	-	1	-	-	3
Senior management (Band D1–3)	1	5	2	2	-	1	-	1	12
Professionally qualified and experienced specialists and mid-management (Band C4–5)	2	6	-	2	2	3	-	3	18
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (Bands B2–C3)	7	11	2	2	9	24	-	2	57
Semi-skilled and discretionary decision-making (Band A1–B1)	-	4	-	-	1	-	-	-	5
Total	11	27	4	6	12	29	-	6	95
Contract employees (non-permanent employees)	2	2	1	1	1	1	-	-	9
Grand total	13	29	5	7	13	30	-	6	104
Interns	-	1	-	-	2	-	-	-	-
People with disabilities included in the statistics above	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making (Band A and B)	1	-	-	-	-	-	-	-	1

The graph below indicates the number of employees, including non-permanent employees, but excluding interns, on various salary bands in the WCPP for the period.



9.2 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management (Band D4–E2)	-	-	-	-	-	-	-	-	-
Highly skilled supervision (Band D1–3)	-	-	-	-	-	-	-	-	-
Highly skilled production (Band C4–5)	-	1	-	-	-	-	-	1	2
Skilled (Band B2–C3)	-	-	-	1	1	1	-	-	3
Lower skilled (Band A1–B1)	-	-	-	-	-	-	-	-	-
Total	-	1	-	1	1	1	-	1	5
Interns	-	1	-	-	2	-	-	-	3
Employees with disabilities	-	-	-	-	-	-	-	-	-

9.3 Promotions for the period 1 April 2016 to 31 March 2017

See 8.5 above.

9.4 Terminations for the period 1 April 2016 to 31 March 2017

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	2	-	-	1	1	-	1	7
Semi-skilled and discretionary decision-making	1	-	-	-	1	-	-	-	2
Total	3	2	-	-	2	1	-	1	9
Employees with disabilities	-	-	-	-	-	-	-	-	-

9.5 Disciplinary action for the period 1 April 2016 to 31 March 2017

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	3	7	-	-	2	1	-	-	13

9.6 Skills development for the period 1 April 2016 to 31 March 2017:

9.6.1 Training courses presented

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (1)	7	26	9	7	-	9	-	6	64
Professionals (2)	-	-	-	-	-	-	-	-	-
Technicians and associate professionals (3)	20	37	7	11	21	62	-	22	180
Clerks (4)	9	20	3	-	27	25	-	-	84
Service workers (5)	-	11	-	-	-	-	-	-	11
Total	36	94	19	18	48	96	-	28	339
Interns	-	-	-	-	3	-	-	-	3
Employees with disabilities	3	-	-	-	-	-	-	-	3

Note:

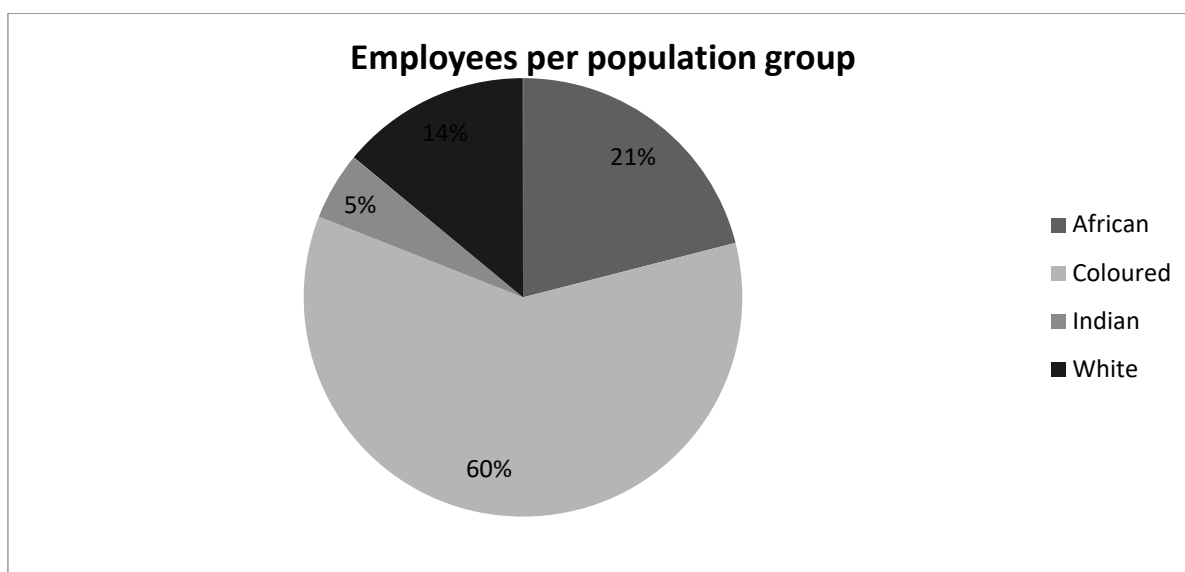
Please note that this indicates incidents of training and not individuals who attended training. Internal training programmes are included.

9.6.2 Study Assistance provided for Formal Education

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (1)	-	-	-	-	-	1	-	-	1
Professionals (2)	-	-	-	-	-	-	-	-	-
Technicians and associate professionals (3)	1	3	-	-	3	3	-	-	10
Clerks (4)	-	1	-	-	2	3	-	-	6
Service workers (5)	-	-	-	-	-	-	-	-	-
Total	1	4	-	-	5	7	-	-	17
Employees with disabilities	-	-	-	-	-	-	-	-	-

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Skills development	329	136	247	186	169	339
Study assistance	19	12	12	13	12	17
Internships	5	5	1	2	1	3

9.7 Population group distribution as at 31 March 2017



Of the 95 employees in the WCPP at 31 March 2017, 20 are from the African population group, 57 from the coloured population group, 13 from the white population group and 5 from the Indian population group.

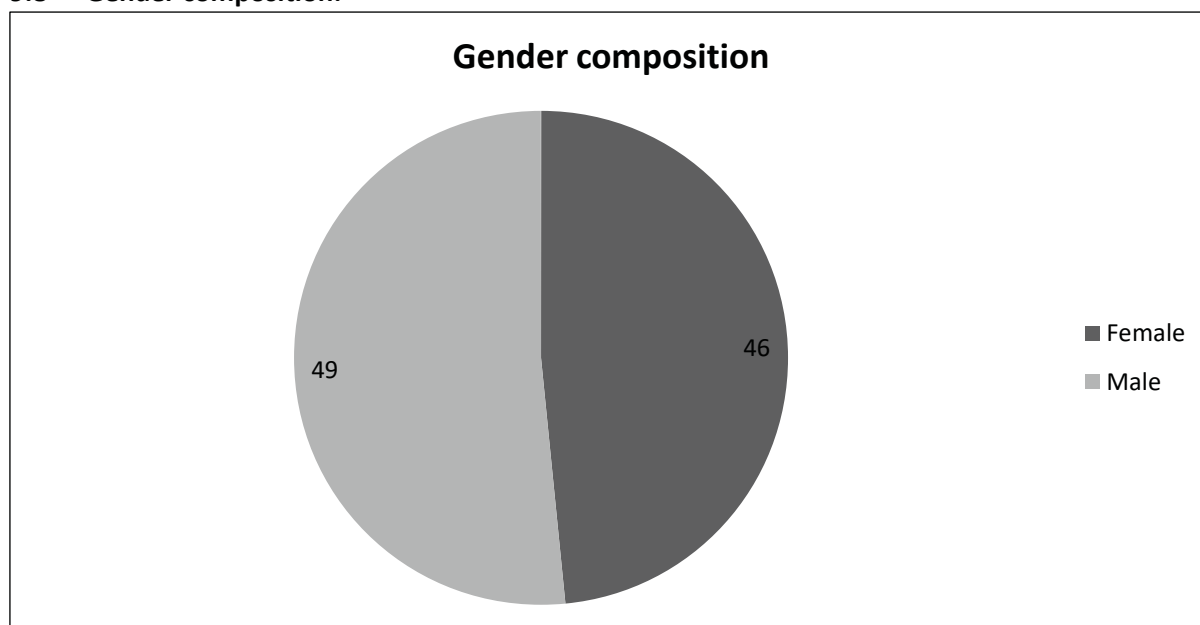
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	WCPP	Western Cape
African	21%	32.8%
Coloured	60%	48.8%
White	14%	15.7%
Indian	5%	1%

*Stats SA 2011

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Coloured	56%	58%	55.6%	56%	58%	60%
African	31%	28.4%	26.3%	24%	24%	21%
White	12%	12.5%	13.1%	13%	12%	14%
Indian	1%	1.1%	5%	7%	5%	5%

9.8 Gender composition:

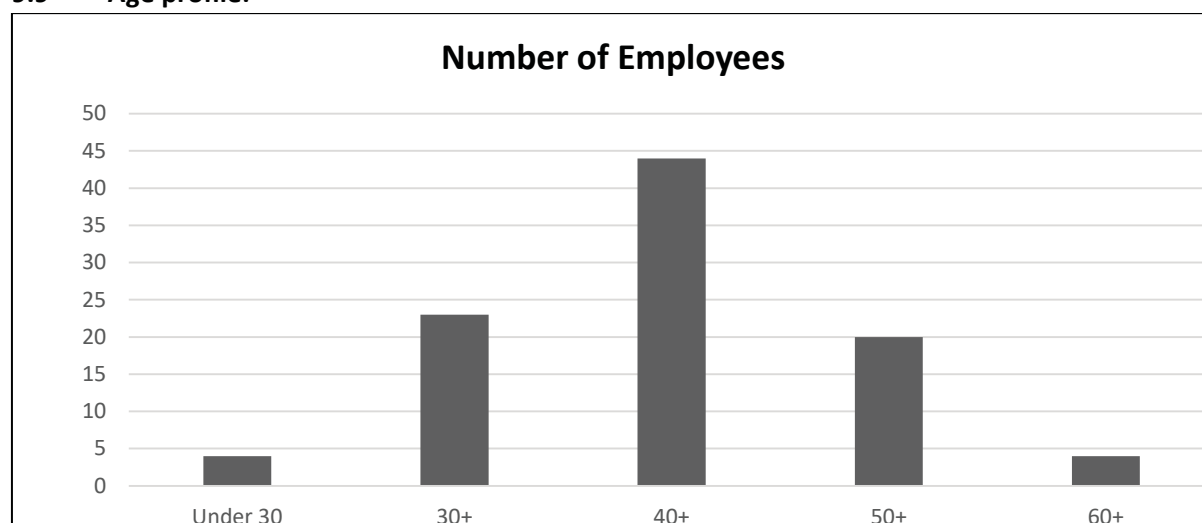


On 31 March 2017, 46 of the 95 employees in the WCPP were female and 49 were male.

	WCPP	Western Cape	RSA
Female	48%	50.9%	51.5%
Male	52%	49.1%	48.5%

During the financial year under review, the WCPP appointed 2 men and 3 women from outside WCPP. 4 women left the services of the WCPP. 3 men resigned and 1 man was dismissed from the service of WCPP.

9.9 Age profile:



The average age of the employees of the WCPP was 44.3 on 31 March 2017.

10. PERFORMANCE REWARDS

To encourage good performance, the WCPP has granted the following performance rewards during the year under review. The information is presented in terms of population group, gender, and disability and salary bands.

10.1 Performance increases by population group, gender and disability, 1 April 2016 to 31 March 2017 in respect of 2015/16 financial year

There were no performance increases awarded in respect of the 2015/16 financial year.

10.2 Performance bonuses, 1 April 2016 to 31 March 2017 in respect of 2015/16 financial year

Salary bands	Number of posts (31 Mar 2017)	Number of beneficiaries	Africans		Coloured		White		Indian		Cost	
			Male	Female	Male	Female	Male	Female	Male	Female	Cost	Average cost per employee
											R'000	R'000
Lower skilled (Band A1 – B1)	5	2	-	1	1	-	-	-	-	-	19	10
Skilled (Band B2 – C3)	56	27	2	4	6	11	1	1	2	-	457	17
Highly skilled production (Band C4-5)	18	7	1	-	1	2	1	2	-	-	186	27
Highly skilled supervision (Band D1 – D3)	13	7	-	-	1	1	2	1	2	-	228	33
Senior Management (Band D4 – E2)	4	2	-	-	1	1	-	-	-	-	97	49
Total	96	45	3	5	10	15	4	4	4	-	987	22

10.3 Performance by critical occupations, 1 April 2016 to 31 March 2017

No critical occupations identified for the period 1 April 2016 to 31 March 2017.

11. FOREIGN WORKERS

The information below summarises the employment of foreign nationals in the WCPP.

11.1 Foreign workers, 1 April 2016 to 31 March 2017, by salary band

No foreign workers were appointed.

11.2 Foreign workers, 1 April 2016 to 31 March 2017, by major occupation

No foreign workers were appointed.

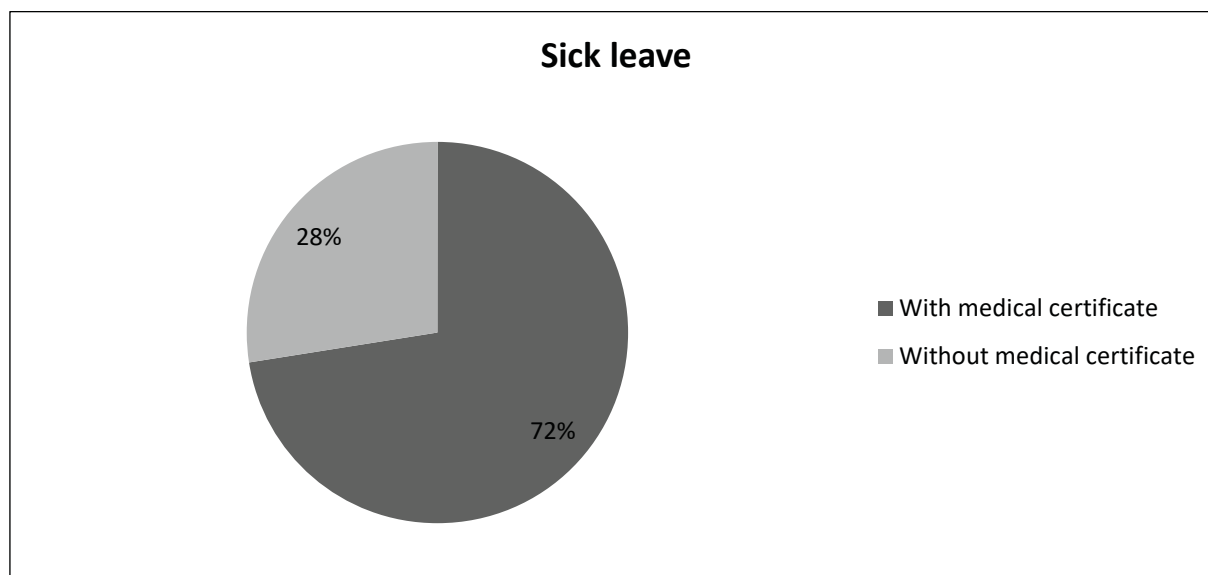
12. LEAVE UTILISATION

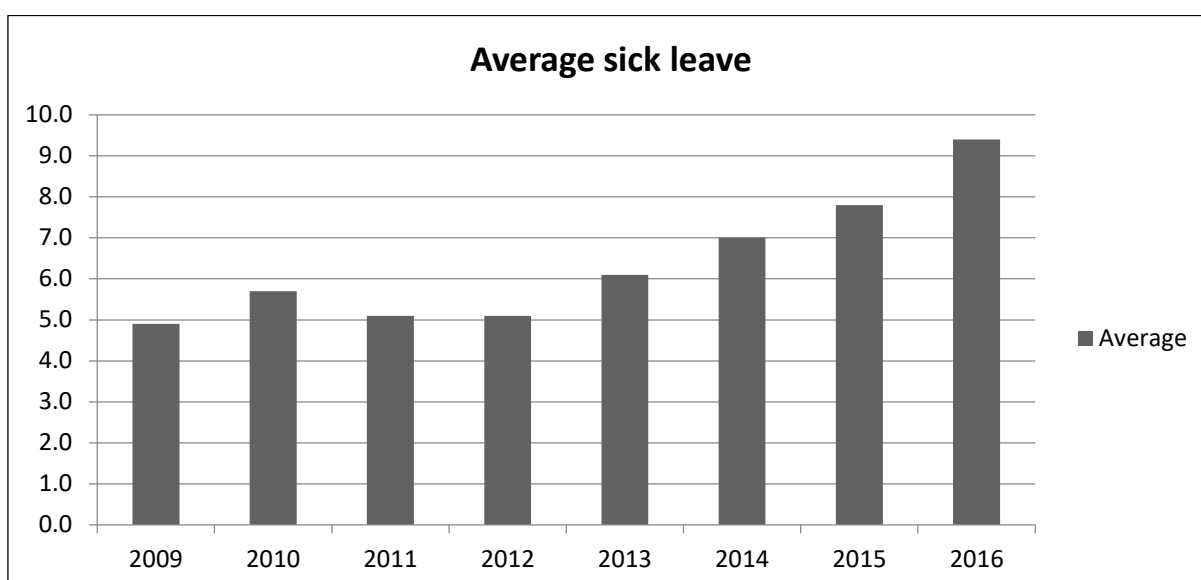
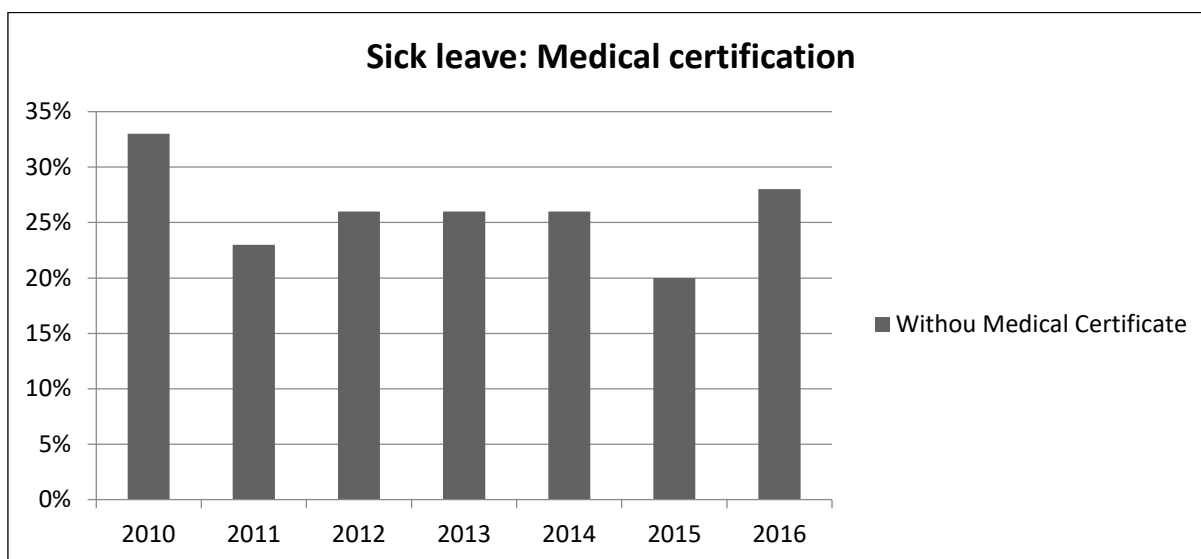
The following tables indicate the use of sick leave, with an estimated cost. The use of annual leave and annual leave payouts is also provided.

12.1 Sick leave, 1 January 2016 to 31 December 2016

Salary band	Total days	% of days with medical certification	Number of employees using sick leave	% of total employees per band using sick leave	Average days per employee*	Estimated cost R'000
Lower skilled (Band A1–B1)	38	44.74%	4	80%	9.5	29
Skilled (Band B2–C3)	448	71.65%	49	87.5%	9.1	654
Highly skilled production (Band C4–5)	133.5	67.79%	14	77.8%	9.5	301
Highly skilled supervision (Band D1–D3)	107	90.65%	9	69.2%	11.9	364
Senior management (Band D4–E2)	8	87.5%	2	50%	4	36
Total	734.5	72.5%	78	81.25%	9.4	1 383

*To calculate the average, ONLY the employees who used sick leave were considered.





12.2 Disability leave (temporary and permanent), 1 April 2016 to 31 March 2017

None.

12.3 Annual leave, 1 January 2016 to 31 December 2016:

Salary bands	Total days taken	Average per employee
Lower skilled (Band A1–B1)	132.5	26.5
Skilled (Band B2–C3)	1 428	25.5
Highly skilled production (Band C4–5)	391	21.72
Highly skilled supervision (Band D1–D3)	386	29.71
Senior management (Band D4–E2)	79	19.85
Intern	5	2.5
Total	2 421.5	25.22

12.4 Leave pay-outs for the period 1 April 2016 to 31 March 2017

Band	Total number of employees	Total costs R'000	Average cost per employee R'000
Lower skilled (Band A1–B1)	5	19	4
Skilled (Band B2–C3)	56	124	2
Highly skilled production (Band C4–5)	18	21	1
Highly skilled supervision (Band D1–D3)	13	-	-
Senior management (Band D4–E2)	4	-	-
Total	96	164	2
Interns	2	-	-

**This amount excludes the time-off credits paid out to employees upon resignation.*

12.5 Capped leave, 1 April 2016 to 31 March 2017

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March 2017
Lower skilled (Band A1–B1)	-	-	-	-
Skilled levels (Band B2–C3)	-	-	-	101.65
Highly skilled production (Band C4–C5)	-	-	-	22.65
Highly skilled supervision (Band D1–D3)	-	-	-	59.7
Senior management (Band D4–E2)	-	-	-	134.75
Total	-	-	-	318.75

13. HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

13.1 Steps taken to reduce the risk of occupational exposure:

As reported last year, Universal Infection Control measures are maintained.

13.2 Details of Health Promotion and HIV and AIDS (2016/17):

Employee wellness activities for the 2016/17 financial year included these main events:

- Completing the SLA and appointing a service provider for the next 12 months.
- Desk-drop of fridge magnets and pamphlets on employee wellness services.
- Presenting a health day.
- Presenting a workshop on preparing and planning for retirement.
- Presenting workshops to raise awareness of employees regarding professional counselling.
- Opening event to announce the start of 16 Days of Activism against Violence against Women and Children.

14. LABOUR RELATIONS

14.1 Collective agreements, 1 April 2016 to 31 March 2017

Subject Matter	Date
2016/17 Salary Agreement	6 May 2016

14.2 Misconduct and disciplinary hearings finalised, 1 April 2016 to 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	7	58%
Written warning	2	16.66%
Final written warning	3	23%
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	1	8.33%
Not guilty	-	-
Case withdrawn	-	-
Total	13	100%

14.3 Types of misconduct addressed, 1 April 2016 to 31 March 2017

Type of misconduct	Number	% of total
Dereliction of duty	4	31%
Assault	1	8%
Behaving in a rude and embarrassing manner	2	16.67%
Poor Performance	3	25%
Negligently failing to adhere to WCPP procedures	-	-
Absenteeism	1	8%
Timekeeping	1	8%
Irregular expenditure	1	8%
Fraudulently altering official documents	-	-
Insubordination	-	-
Misuse of Parliament's property	-	-
Total	13	100%

14.4 Grievances lodged for the period 1 April 2016 to 31 March 2017

Nine grievances were lodged during the year under review. Seven of these were related to performance rewards.

14.5 Disputes lodged with councils for the period 1 April 2016 to 31 March 2017:

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	2	100%
Total number of disputes lodged	2	100%

14.6 Strike actions for the period 1 April 2016 to 31 March 2017

No strikes occurred during the period under review.

14.7 Precautionary suspensions for the period 1 April 2016 to 31 March 2017

None.

15. SKILLS DEVELOPMENT

15.1 Training needs identified, 1 April 2016 to 31 March 2017

Occupational categories	Gender	Training needs identified	Total training needs identified
Legislators, senior officials and managers	Female	15	64
	Male	49	
Technicians and associate professionals (3)	Female	105	180
	Male	75	
Administrative workers and clerks	Female	52	84
	Male	32	
Service workers (5)	Female	-	11
	Male	11	
Subtotal	Female	172	339
	Male	167	
Total		339	339

* Internal on the job training was provided to interns.

15.2 Training provided 1 April 2016 to 31 March 2017

Occupational categories	Gender	Number of employees as at 31 March 2016	Skills programmes and other short course	Total
Legislators, senior officials and managers (1)	Female	3	15	64
	Male	16	49	
Professionals (2)	Female	-	-	-
	Male	-	-	
Technicians and associate professionals (3)	Female	28	105	180
	Male	20	75	
Clerks (4)	Female	15	52	84
	Male	9	32	
Service workers (5)	Female	-	-	11
	Male	4	11	
Subtotal	Female	46	175	
	Male	49	167	
Total		95	339	339
Interns	Female	2	3	3
	Male	1	-	-

16. INJURY ON DUTY

16.1 Injury on duty, 1 April 2016 to 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100%
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
Total	1	100%

17. UTILISATION OF CONSULTANTS

17.1 Report on consultant appointments using appropriated funds:

Project Title	Total number of consultants that worked on the project	Duration: Work Days	Contract value in Rand
Recruitment Assessment	Company – Assessment Toolbox	On request	68 970.00
Job Grading	Company – Work Dynamics	On request	2 052.00
Translation and Transcription	EOH Legal and 16 independent translators	On Request	2 243 349.27
Legal Advice	Department of Justice and Constitutional Development	On Request	234.84
Legal Advice	Webber Wentzel	On Request	273 289.92
Legal Advice	Anton Meyer	On request	14 400.00
Legal Advice	P.S. van Zyl	On request	79 515.00
Legal Advice	Charl Cilliers	On request	1 368.00
Legal Advice	Brummer Consulting	On request	9 975.00
Total Number of projects			R2 693 154.03

17.2 Analysis of consultant appointments using appropriated funds, in terms of historically disadvantaged individuals (HDIs):

No consultant was appointed in terms of HDIs.

17.3 Report on consultant appointments using donor funds:

None.

17.4 Analysis of consultant appointments using donor funds, in terms of historically disadvantaged individuals (HDIs):

None.

WESTERN CAPE PROVINCIAL PARLIAMENT



PART E FINANCIAL INFORMATION



A delegation from the Bavarian Government's Ministry of Finance, hosted by Provincial Treasury, met with employees from the Procedural Services division on 7 March to discuss matters of mutual interest. Hon Denis Joseph, Chairperson of the Standing Committee on Finance, joined the discussion



Western Cape Minister of Finance, Dr Ivan Meyer, provided details of the Western Cape Appropriation Bill 2016-17

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON VOTE
NO. 2: WESTERN CAPE PROVINCIAL PARLIAMENT**

Report on the audit of the financial statements
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Opinion

1. I have audited the financial statements of the Western Cape Provincial Parliament set out on pages 99 to 157, which comprise the statement of financial position as at 31 March 2017 and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Provincial Parliament as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No.10 of 2009) (FMPPLA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of parliament in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Material underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts and in note 40.7 to the financial statements, parliament has materially underspent the budget on a comparable basis to the amount of R11,4 million (6,9%).

Responsibilities of accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, the requirements of the FMPPLA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Western Cape Provincial Parliament's ability to continue as a going concern, disclosing, as

**Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Report of the Auditor-General for the year ended 31 March 2017**

applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate parliament or to cease operations, or there is no realistic alternative but to do so.

Auditor-general’s responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of parliament. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of parliament for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2: Facilities for members and political parties	43 – 45
Programme 3: Parliamentary services	46 – 52

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

**Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Report of the Auditor-General for the year ended 31 March 2017**

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2: Facilities for members and political parties
 - Programme 3: Parliamentary services

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 43 to 52 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets.

Report on audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of parliament with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

Other information

21. The Western Cape Provincial Parliament's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town
31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on parliament’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 parliament’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Western Cape Provincial Parliament’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause parliament to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

**Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017**

General Information

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Nature of business and principal activities	<p>The main services offered by the Western Cape Provincial Parliament are as follows:</p> <ul style="list-style-type: none"> • Sustain a legislative process that produces good and just laws • Provide support for vigorous oversight of the Executive • Provide an enabling environment for Members to be effective • Effective, efficient and economical management of resources • Ensure good governance • Effective and meaningful public participation, education and awareness. <p>The Administration of the Provincial Parliament, in support of this, provides an enabling environment for Members to achieve their constitutional objectives.</p>
Speaker	Fernandez, SG
Deputy Speaker	Pretorius, PJC
Secretary	Lawrence, GA
Deputy Secretary: Corporate Services	Hindley, RG
Deputy Secretary: Procedural Services	Vacant (Nage, TA - Acting)
Chief Financial Officer	Petersen, NL
Chief Parliamentary Officer	Nage, TA
Business address	Provincial Legislature Building 7 Wale Street CAPE TOWN 8001
Postal address	PO Box 648 CAPE TOWN 8000
Bankers	Nedbank
Auditors	Auditor-General of South Africa

**Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017**

Index

The reports and statements set out below comprise the annual financial statements presented to the Parliamentary Oversight Committee:

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the legislature as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the legislature and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the legislature and all employees are required to maintain the highest ethical standards in ensuring the legislature's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the legislature is on identifying, assessing, managing and monitoring all known forms of risk across the legislature. While operating risk cannot be fully eliminated, the legislature endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the legislature's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, he is satisfied that the legislature has or has access to adequate resources to continue in operational existence for the foreseeable future.

The legislature is wholly dependent on Provincial Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the legislature is a going concern and that Provincial Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the legislature.

The annual financial statements set out on pages 99 to 157, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2017 and were signed on its behalf by:



Accounting Officer
Gilbert Lawrence

Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	13 606 209	6 910 037
Inventories	4	916 644	916 124
Receivables from non-exchange transactions	5	66 349	267 481
Receivables from exchange transactions	6	327 368	622 387
Prepayments	7	652 466	725 716
		15 569 036	9 441 745
Non-Current Assets			
Long term receivables from non-exchange transactions	8	17 741	20 141
Long term receivables from exchange transactions	9	-	420
Property, plant and equipment	10	21 977 577	18 574 300
Intangible assets	11	2 542 874	570 590
Heritage assets	12	248 193	248 193
		24 786 385	19 413 644
Total Assets		40 355 421	28 855 389
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	1 626 250	2 040 781
Voted funds liability	14	2 491 870	1 545 754
Departmental revenue liability	15	-	-
Finance lease obligations	16	179 995	156 073
Employee benefit obligation	17	9 608 272	8 843 698
		13 906 387	12 586 306
Non-Current Liabilities			
Finance lease obligation	16	1 980 348	892 063
Employee benefit obligation	17	35 271 000	32 100 000
		37 251 348	32 992 063
Total Liabilities		51 157 735	45 578 369
Net (Liabilities)		(10 802 314)	(16 722 980)
Accumulated deficit		(10 802 314)	(16 722 980)

* See Note 39

Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Recoveries	18	25 512	28 948
Interest received	19	268 179	256 139
Other income	20	49 065	63 921
Total revenue from exchange transactions		342 756	349 008
Revenue from non-exchange transactions			
Transfer revenue			
Assets transferred in		-	687 951
Fines, Penalties and Forfeits		47 927	-
Annual appropriation	21	124 762 876	120 408 000
Statutory appropriation	21	39 155 000	37 185 000
Total revenue from non-exchange transactions		163 965 803	158 280 951
Total revenue		164 308 559	158 629 959
Expenditure			
Employee related costs	22	(54 082 802)	(50 663 761)
Members remuneration	23	(43 365 330)	(41 787 242)
Finance costs	24	(465 522)	(242 060)
Lease rentals on operating lease	25	(389 944)	(574 317)
Transfer payments	26	(37 004 563)	(34 853 706)
General Expenses	27	(22 239 085)	(27 791 179)
Total expenditure		(157 547 246)	(155 912 265)
Operating surplus		6 761 313	2 717 694
Loss on the disposal of assets		(819 777)	(1 842 475)
Actuarial gains	17	2 471 000	8 026 000
		1 651 223	6 183 525
Surplus before funds surrendered		8 412 536	8 901 219
Transfer of voted funds liability	14	2 491 870	1 545 754
Transfer of departmental revenue liability	15	-	-
Surplus for the year		5 920 666	7 355 465

* See Note 39

Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated deficit	Total net assets
Opening balance as previously reported		(24 576 007)	(24 576 007)
Correction of errors (refer to note 39)		497 562	497 562
Balance at 01 April 2015 as restated*		(24 078 445)	(24 078 445)
Surplus for the year		7 355 465	7 355 465
Total changes		7 355 465	7 355 465
Balance at 01 April 2016 as restated*		(16 722 980)	(16 722 980)
Deficit for the year		5 920 666	5 920 666
Total changes		5 920 666	5 920 666
Balance at 31 March 2017		(10 802 314)	(10 802 314)

* See Note 39

Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash Flow from operating activities			
Receipts			
Cash receipts from services		686 785	633 534
Cash receipts from appropriation		163 917 876	157 593 000
Interest income		268 179	256 139
		<u>164 872 840</u>	<u>157 215 605</u>
Payments			
Cash paid to employees and members		(91 041 558)	(86 070 575)
Cash paid to suppliers		(59 857 417)	(64 039 739)
Funds surrendered		(1 545 754)	(6 411 320)
Finance costs		(465 522)	(242 060)
		<u>(152 910 251)</u>	<u>(156 763 694)</u>
Net cash flows from operating activities	28	<u>11 962 589</u>	<u>451 911</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(2 810 635)	(939 335)
Proceeds from sale of property, plant and equipment	10	14 176	27 343
Purchase of other intangible assets	11	(2 293 528)	(379 520)
Long term receivables from non-exchange transactions		2 400	2 400
Long term receivables from exchange transactions		1 320	7 332
Net cash flows from investing activities		<u>(5 086 267)</u>	<u>(1 281 780)</u>
Cash flows from financing activities			
Finance lease obligation		(180 150)	(299 414)
Net increase/(decrease) in cash and cash equivalents		6 696 172	(1 129 283)
Cash and cash equivalents at the beginning of the year		6 910 037	8 039 320
Cash and cash equivalents at the end of the year	3	<u>13 606 209</u>	<u>6 910 037</u>

* See Note 39

Annual Report for 2016/17 Financial Year
Vote 2: Western Cape Provincial Parliament
Annual Financial Statements for the year ended 31 March 2017
Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis Figures in Rand	Approved budget	Adjust- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer- ence to note 40
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Recoveries	-	-	-	28 128	28 128	40.1
Other income	5 000	-	5 000	48 165	43 165	40.2
Interest received	52 000	-	52 000	188 999	136 999	40.3
Total revenue from exchange transactions	57 000	-	57 000	265 292	208 292	
Revenue from non-exchange transactions						
Transfer revenue						
Fines, penalties and forfeits	-	-	-	47 927	47 927	
Annual appropriation	130 764 000	(1 500 000)	129 264 000	129 321 000	57 000	
Statutory appropriation	39 155 000	-	39 155 000	39 155 000	-	
Total revenue from non-exchange transactions	169 919 000	(1 500 000)	168 419 000	168 523 927	104 927	
Total revenue	169 976 000	(1 500 000)	168 476 000	168 789 219	313 219	
Expenditure						
Employee related costs	(57 380 000)	3 675 913	(53 704 087)	(53 326 031)	378 056	40.4
Members remuneration	(40 544 000)	249 015	(40 294 985)	(37 803 115)	2 491 870	40.5
Finance costs	(944 000)	(33 763)	(977 763)	(917 054)	60 709	40.6
Lease rentals on operating lease	(200 000)	81 293	(118 707)	(118 707)	-	
Transfer payments- Other	(36 942 000)	(63 000)	(37 005 000)	(37 004 563)	437	
General Expenses	(33 966 000)	(2 409 458)	(36 375 458)	(28 239 076)	8 136 382	40.7
Total expenditure	(169 976 000)	1 500 000	(168 476 000)	(157 408 546)	11 067 454	
Operating surplus	-	-	-	11 380 673	11 380 673	
Gain on disposal of assets and liabilities	-	-	-	13 351	13 351	
Surplus for the year	-	-	-	11 394 024	11 394 024	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	11 394 024	11 394 024	
Reconciliation						
Basis difference						
Surplus difference between modified cash and GRAP				(9 483 742)		
Format and classification difference						
Capital expenditure				4 010 384		
Actual Amount in the Statement of Financial Performance				5 920 666		

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 56 of the Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the legislature will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The legislature assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the legislature makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

Value in use of cash generating assets:

The legislature reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The legislature reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Accounting Policies

1.2 Significant judgements (continued)

Useful lives of property, plant and equipment and other assets

The legislature's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Effective interest rate

The legislature uses the government bond rate to discount future cash flows.

Allowance for impairment

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the legislature; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

Accounting Policies

1.3 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The legislature changed its accounting policy for property, plant and equipment in 2016. The change in accounting policy was made in accordance with its transitional provision as per Directive 8 of the GRAP Reporting Framework.

According to the transitional provision, the legislature is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 10.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the legislature need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the legislature intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the legislature or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the legislature; and
- the cost or fair value of the asset can be measured reliably.

The legislature assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

Transitional provision

The legislature changed its accounting policy for intangible assets in 2016. The change in accounting policy was made in accordance with its transitional provision as per Directive 8 of the GRAP Reporting Framework.

According to the transitional provision, the constitutional institution is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets has accordingly been recognised at provisional amounts, as disclosed in note 11.

Until such time as the measurement period expires and intangible assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the legislature need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Intangible assets implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on Intangible assets.

1.5 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The legislature recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the legislature, and the cost or fair value of the asset can be measured reliably.

Where the legislature holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 12 Heritage assets.

Accounting Policies

1.5 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The legislature derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Transitional provision

The legislature changed its accounting policy for Heritage assets in 2016. The change in accounting policy was made in accordance with its transitional provision as per Directive 8 of the GRAP Reporting Framework.

According to the transitional provision, the legislature is not required to measure Heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed in note 12.

Until such time as the measurement period expires and Heritage assets is recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the legislature need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Heritage assets implies that any associated presentation and disclosure requirements need not be complied with for Heritage assets not measured in accordance with the requirements of the Standard of GRAP on Heritage assets.

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1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The legislature has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The legislature has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Voted funds liability	Financial liability measured at amortised cost
Departmental revenue liability	Financial liability measured at amortised cost

Initial recognition

The legislature recognises a financial asset or a financial liability in its statement of financial position when the legislature becomes a party to the contractual provisions of the instrument.

The legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The legislature measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The legislature measures all other financial assets and financial liabilities initially at its fair value.

The legislature first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the legislature analyses a concessionary loan into its component parts and accounts for each component separately. The legislature accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The legislature measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance

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account) for impairment or uncollectibility in the case of a financial asset.

1.6 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the legislature establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a legislature calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The legislature assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar

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financial asset. Such impairment losses are not reversed.

1.6 Financial instruments (continued)

Derecognition

Financial assets

The legislature derecognises financial assets using trade date accounting.

The legislature derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the legislature transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the legislature, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the legislature:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The legislature removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another legislature by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.7 Statutory receivables

Statutory receivables are receivables that:

- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The legislature recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
 - the definition of an asset is met; and
 - it is probable that future economic benefits or service potential associated with the asset will flow to the legislature and the transaction amount can be measured reliably.

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The legislature measures a statutory receivables initially at its transaction amount.
The legislature measures all statutory receivables after initial recognition using the cost method.

1.7 Statutory receivables (continued)

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

If the share based payments vest immediately the services received are recognised in full.

The legislature assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimate future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flows estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The legislature derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the legislature transfers to another party substantially all of the risks and rewards of ownership of the receivable;
- the legislature, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the legislature:
 - derecognises the receivable;
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights and obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Accounting Policies

1.8 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their cost are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the legislature incurs to acquire the asset on the reporting date.

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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the legislature.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.9 Inventories (continued)

Transitional provision

The legislature changed its accounting policy for inventories in 2016. The change in accounting policy was made in accordance with its transitional provision as per Directive 8 of the GRAP Reporting Framework.

According to the transitional provision, the legislature is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in note 4.

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the legislature need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories.

1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the legislature with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The legislature assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the legislature estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the legislature also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the legislature estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the legislature applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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1.9 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

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 legislature determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the legislature use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the legislature does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The legislature assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the legislature estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

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1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the legislature during a reporting period, the legislature recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the legislature recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The legislature measure the expected cost of accumulating compensated absences as the additional amount that the legislature expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The legislature recognise the expected cost of bonus, incentive and performance related payments when the legislature has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the legislature has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the legislature provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one legislature, on the basis that contribution and benefit levels are determined without regard to the identity of the legislature that employs the employees concerned.

Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the legislature recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the legislature recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The legislature measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The legislature determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The legislature recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Accounting Policies

1.11 Employee benefits (continued)

The legislature uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a legislature shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a legislature shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The legislature recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the legislature re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The legislature offsets an asset relating to one plan against a liability relating to another plan when the legislature has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Accounting Policies

1.10 Employee benefits (continued)

Other long-term employee benefits

The legislature has an obligation to provide long-term service allowance benefits to all of its employees.

The legislature's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The legislature recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The legislature recognises termination benefits as a liability and an expense when the legislature is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The legislature is demonstrably committed to a termination when the legislature has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and contingencies

Provisions are recognised when:

- the legislature has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Accounting Policies

1.12 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the legislature settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating expenditure.

If a legislature has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when a legislature:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the legislature

A contingent assets is a possible asset that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the legislature.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the legislature; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

1.13 Revenue from exchange transactions

An exchange transaction is one in which the legislature receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.13 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the legislature has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the legislature retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the legislature; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the legislature;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the legislature, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a legislature, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a legislature either receives value from another legislature without directly giving approximately equal value in exchange, or gives value to another legislature without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting legislature.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the legislature satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the legislature.

When, as a result of a non-exchange transaction, the legislature recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Appropriated funds

Appropriated funds comprises of legislature annual allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the legislature and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are recognised.

The legislature recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the legislature and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the legislature disclose the nature and type of services in-kind received during the reporting period.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued) Concessionary loans received

A concessionary loan is a loan granted to or received by the legislature on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.15 Prepayments

Prepayments and advances are recognised in the statement of financial position when the legislature receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.

1.16 Transfer payments

Transfer payments include all “non-exchange” payments made by the legislature. A payment is “non-exchange” if the legislature does not receive anything directly in return for the transfer to the other party. Transfer payments are expensed.

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

1.18 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of Parliament's approved budget or a main division within that budget; and
- any expenditure from Parliament's approved budget or a main division within that budget for a purpose unrelated to the approved budget or main division, subject to section 72; and
- any expenditure of donor funds for a purpose not specified in the agreement with the donor.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

The Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009 defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

1.23 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the legislature will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

1.24 Grants in aid

The legislature transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the legislature does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.25 Budget comparison

The statement of financial performance is on accrual basis, while the budget is on cash basis. Therefore the actual amounts as per the financial statements are adjusted to be compared to the budget on a cash basis. The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the legislature, including those charged with the governance of the legislature in accordance with legislation, in instances where they are required to perform such functions.

Accounting Policies

1.26 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the legislature.
Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The legislature adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The legislature discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the legislature has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 16 (as amended 2015): Investment Property

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- the wording related to the use of external valuers was clarified;
- more specific presentation and disclosure requirements were introduced for capital work-in-progress;
- the encouraged disclosures were deleted;
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The legislature has adopted the amendment for the first time in the 2017 annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Amendments made to the standard are:

- the principles and explanations related to the distinction between investment property and property, plant and equipment were reviewed;
- an indicator-based assessment of useful lives of assets was introduced;
- the wording related to the use of external valuers was clarified;
- more specific presentation and disclosure requirements were introduced for capital work-in-progress;
- the encouraged disclosures were deleted;
- separate presentation of expenditure incurred on repairs and maintenance in the financial statements are now required.

The effective date of the amendment is for years beginning on or after 01 April 2016.

The legislature has adopted the amendment for the first time in the 2017 annual financial statements.

2.2 Standards and interpretations issued, but not yet effective

The legislature has not applied the following standards and interpretations, which have been published and are mandatory for the legislature's accounting periods beginning on or after 01 April 2017 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the legislature. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the legislature's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The legislature that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate. The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only. PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32.

For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective.

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions.

Therefore in order to be statutory in nature specific legislation should require the entity to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The legislature expects to adopt the interpretation for the first time once it becomes effective.

GRAP 109: Accounting by Principals and Agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective. The impact of this standard is currently being assessed.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is or years beginning on or after 01 April 2018.

The legislature expects to adopt the standard for the first time in the 2019 annual financial statements. The standard will not have any impact on the legislature's annual financial statements.

GRAP 105: Transfer of Functions Between Entities Under Common Control

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective. The impact of this standard is currently being assessed.

GRAP 106: Transfer of Functions Between Entities Not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is not yet set by the Minister of Finance.

The legislature expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the legislature's annual financial statements.

Notes to the Annual Financial Statements

	2017	2016 Restated*
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	5 500	5 000
Current bank	11 743 196	5 123 062
Legislative Sector Support bank account	1 857 513	1 781 975
	13 606 209	6 910 037

Cash equivalents are placed with high-credit quality financial institutions. The exposure to credit risk is the carrying amount of each class of cash and cash equivalents.

The legislature had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2017	31 March 2016	31 March 2015	31 March 2017	31 March 2016	31 March 2015
Nedbank - Current - 145-204-5283	12 549 343	6 413 615	7 949 333	11 743 196	5 123 062	6 351 881
LSS Account Nedbank - Current-145-206-9212	1 857 513	1 781 975	1 686 439	1 857 513	1 781 975	1 686 439
Total	14 406 856	8 195 590	9 635 772	13 600 709	6 905 037	8 038 320

4. Inventories

Corporate store	901 690	904 106
Boutique	14 954	12 018
	916 644	916 124

Inventory pledged as security

No inventory was pledged as security.

Transitional provisions

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, certain inventory with a carrying value of R916 644 (2016: R916 124) was recognised at provisional amounts. The legislature is currently busy with a measurement project.

5. Receivables from non-exchange transactions

Recoverable expenditure	66 346	267 481
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Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions impaired

As of 31 March 2017, receivables from non-exchange transactions were not impaired (2016: R Nil).

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
6. Receivables from exchange transactions		
Recoverable expenditure	248 573	545 382
Staff debt	7 105	8 820
Other debtors	76 490	76 242
Impairment provision	(4 800)	(8 057)
	327 368	622 387
Gross amount of exchange receivables		
Recoverable expenditure	248 573	545 382
Staff debt	7 105	8 820
Other debtors	76 490	76 242
	332 168	630 444
Impairment of exchange receivables		
Recoverable expenditure	-	-
Staff debt	-	-
Other debtors	(4 800)	(8 057)
	(4 800)	(8 057)
Net amount of exchange receivables		
Recoverable expenditure	248 573	545 382
Staff debt	7 105	8 820
Other debtors	71 690	68 185
	327 368	622 387
Recoverable expenditure		
South African Revenue Services Unemployment Insurance Fund debt	109 225	500 000
South African Revenue Services Unemployment Insurance Fund interpreters	1 825	1 825
Members debt	-	-
Disallowance miscellaneous	118 509	33 160
South African Revenue Services tax debt	19 014	10 397
	248 573	545 382
Staff debt		
Salary overpayment	3 766	3 397
Staff debt	3 339	5 423
	7 105	8 820
Other debtors		
South African Revenue Services Unemployment Insurance Fund: Members and interpreters	43 303	43 303
Ex personnel and Members	18 219	14 645
Political parties support staff telephone accounts	1 311	1 556
Supplier overpayment	8 681	8 681
Supplier telephone account	176	-
	71 690	68 185

* See Note 39

Notes to the Annual Financial Statements

6. Receivables from exchange transactions (continued)

Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of other receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions impaired

As of 31 March 2017, receivables from exchange transactions, other debtors, of R76 490 (2016: R76 242) were impaired and provided for.

The amount of the provision was R4 800 as of 31 March 2017 (2016: R8 057).

Reconciliation of allowance for impairment

Opening balance	(8 057)	(15 635)
Provision for impairment	-	-
Bad debts written off	3 257	7 578
	<u>(4 800)</u>	<u>(8 057)</u>

7. Prepayments

Staff advances	175 443	136 429
Parmed	155 715	144 911
Other prepayments	321 308	444 376
	<u>652 466</u>	<u>725 716</u>

The staff advances relates to the advancement of bonuses to employees. The Parmed prepayment is for the expense relating to the month after financial year end.

Long term receivables from non-exchange transactions

Recoverable expenditure	<u>17 741</u>	<u>20 141</u>
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The long term receivables from non-exchange transactions relates to the same receivables under note 5 and consists of debt relating to accidents incurred that needs to be recovered from the respective party. The long term portion is determined based on repayment arrangements that are in place between the staff or member and the legislature.

Receivables from non-exchange transactions pledged as security:

No receivables from non-exchange transactions were pledged as security

Credit quality of receivables from non-exchange transactions:

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions impaired:

As of 31 March 2017, receivables from non-exchange transactions were not impaired (2016: R Nil)

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
9. Long term receivables from exchange transactions		
Staff debt	-	420
Other debtors	5 794	6 694
Impairment provision	(5 794)	(6 694)
	<u>-</u>	<u>420</u>
Gross amount of exchange receivables		
Staff debt	-	420
Other debtors	5 794	6 694
	<u>5 794</u>	<u>7 114</u>
Impairment of exchange receivables		
Staff debt	-	-
Other debtors	(5 794)	(6 694)
	<u>(5 794)</u>	<u>(6 694)</u>
Net amount of exchange receivables		
Staff debt	-	420
Other debtors	-	-
	<u>-</u>	<u>420</u>
Staff debt		
Salary overpayments	-	420
Other debtors		
Ex-Members/personnel	-	-
	<u>-</u>	<u>-</u>
Receivables from exchange transactions pledged as security:		
No receivables from exchange transactions were pledged as security.		
Credit quality of receivables from exchange transactions:		
The credit quality of other receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
Receivables from exchange transactions impaired:		
As of 31 March 2017, receivables from exchange transactions of R5 794 (2016: R6 694) were impaired and provided for. The amount of the provision was R5 794 as of 31 March 2017 (2015: R6 694).		
Reconciliation of impairment for exchange receivables		
Opening balance	(6 694)	(8 359)
Provision for impairment	-	-
Reversal due to amounts collected	900	1 665
Bad debts written off	-	-
	<u>(5 794)</u>	<u>(6 694)</u>

The long term receivables from exchange transactions relates to the same receivables under note 6 and consists of staff debt and ex-members debt. The long term portion is determined based on repayment arrangements that are in place between the staff or member and the legislature.

* See Note 39

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	2017			2016 Restated*		
10. Property, plant and equipment						
	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and office equipment	4 672 894	-	4 672 894	4 790 638	-	4 790 638
Other machinery and equipment	6 619 511	-	6 619 511	6 043 735	-	6 043 735
Computer equipment	8 357 762	-	8 357 762	6 231 657	-	6 231 657
Finance lease assets - vehicles	2 186 961	-	2 186 961	1 406 359	-	1 406 359
Finance lease assets - cell phones	140 449	-	140 449	101 911	-	101 911
Total	21 977 577	-	21 977 577	18 574 300	-	18 574 300

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Assets written off	Total
Furniture and office equipment	4 790 638	22 486	(2 673)	(137 557)	4 672 894
Other machinery and equipment	6 043 735	592 691	-	(16 915)	6 619 511
Computer equipment	6 231 657	2 195 458	(36 819)	(32 534)	8 357 762
Finance lease assets - vehicles	1 406 359	1 248 175	(467 573)	-	2 186 961
Finance lease assets - cell phones	101 911	44 182	(5 644)	-	140 449
	18 574 300	4 102 992	(512 709)	(187 006)	21 977 577

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Total
Furniture and office equipment	5 453 083	97 432	(759 877)	4 790 638
Other machinery and equipment	5 380 310	845 266	(181 841)	6 043 735
Computer equipment	6 050 776	684 589	(503 708)	6 231 657
Finance lease assets - vehicles	1 406 359	-	-	1 406 359
Finance lease assets - cell phones	101 911	-	-	101 911
	18 392 439	1 627 287	1 445 426	18 574 300

Pledged as security

No property, plant and equipment was pledged as security.

Assets subject to finance lease

Finance lease assets - vehicles	2 186 961	1 406 359
Finance lease assets - cell phones	140 449	101 911
	2 327 410	1 508 270

* See Note 39

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	2017	2016 Restated*
10. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment.		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
General expenses – Contracted service	106 565	138 462

The repairs and maintenance on the property, plant and equipment incurred as follows in the categories, Computer equipment R 15 513 (2016: R 60 769), Furniture and office equipment R 20 966 (2016: R 20 806) and Other machinery and equipment R 70 086 (2016: R 56 887).

Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, certain property, plant and equipment with a carrying value of R21 977 577 (2016: R18 574 300) was recognised at provisional amounts. The legislature is currently busy with a measurement project.

11. Intangible assets

	2017		2016		Carrying value	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	
Computer software	2 542 874	-	2 542 874	570 590	-	570 590

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Total
Computer software	570 590	2 293 528	(321 244)	2 542 874

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Total
Computer software	606 744	379 520	(415 674)	570 590

Pledged as security

No intangible asset was pledged as security.

Transitional provisions

Intangible assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, certain intangible assets with a carrying value of R2 542 874 (2016: R570 590) was recognised at provisional amounts. The legislature is currently busy with a measurement project.

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
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12. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Paintings, sculptures and ornaments	248 193	-	248 193	248 193	-	248 193

Reconciliation of heritage assets 2017

	Opening balance	Additions	Total
Paintings, sculptures and ornaments	248 193	-	248 193

Reconciliation of heritage assets 2015

	Opening balance	Disposals	Total
Paintings, sculptures and ornaments	256 911	(8 718)	248 193

Pledged as security

No heritage asset was pledged as security.

Transitional provisions

Heritage assets recognised at provisional amounts

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, certain heritage assets with a carrying value of R248 193 (2016: R248 193) was recognised at provisional amounts. The legislature is currently busy with a measurement project.

13. Payables from exchange transactions

Other payables	952 168	87 179
Accruals	674 082	1 953 602
	1 626 250	2 040 781

Other payables

Income tax	-	736
Unallocated receipts	952 168	86 443
	952 168	87 179

14. Voted funds liability

Vote funds due to the Revenue Fund:

Transfer from the statement of financial performance	2 491 870	1 545 754
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Movement during the year

Balance at the beginning of the year	1 545 754	6 388 201
Transfer from the statement of financial performance	2 491 870	1 545 754
Payment during the year	(1 575 754)	(6 388 201)
	2 491 870	1 545 754

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
15. Departmental revenue liability		
Departmental revenue liability	-	-
Movement for the year		
Opening balance	-	23 119
Transfer from the statement of financial performance	-	-
Payment during the period	-	(23 119)
	-	-
16. Finance lease obligation		
Minimum lease payments due		
-within one year	854 188	453 993
-in second to fifth year inclusive	3 194 432	1 663 557
	4 048 620	2 117 550
less: future finance charges	(1 888 277)	(1 069 414)
Present value of minimum lease payments	2 160 343	1 048 136
Present value of minimum lease payments due		
-within one year	179 995	156 073
-in second to fifth year inclusive	1 980 348	892 063
	2 160 343	1 048 136
Non-current liabilities	1 980 348	892 063
Current liabilities	179 995	156 073
	2 160 343	1 048 136

Finance Leases relate to vehicles with lease terms of between 4 to 7 years. The effective annual interest rate on the Finance Lease payables is between 29% and 37%.

Interest on finance lease payables are charged by Government Motor Transport to replace vehicles at the end of their useful lives and to recoup operating expenditure such as tracking, insurance and GMT overhead expenditure.

Ownership of the leased vehicle is transferred to Government Motor Transport at the conclusion of the lease agreements.

The legislature also has cell phones under finances leases with lease terms of 2 years. The average effective interest rate used on the lease payments is 10.5%.

* See Note 39

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	2017	2016 Restated*
17. Employee benefit obligations		
Reconciliation of employee benefits - 2017	Opening balance	Movement
		Total
Leave entitlement	3 193 583	(193 070)
Service bonus	1 630 899	50 781
Performance bonus	927 064	256 308
Time-off hours	937 152	555
Long service awards	5 159 000	613 000
Once-off gratuity	5 981 000	4 000
Medical aid benefits	23 115 000	3 204 000
	40 943 698	3 935 574
	Opening balance	Total
Reconciliation of employee benefits - 2015		
Leave entitlement	2 963 345	230 238
Service bonus	1 373 368	257 531
Performance bonus	848 730	78 334
Time-off hours	783 826	153 326
Long service awards	4 387 000	772 000
Once-off gratuity	4 700 000	1 281 000
Medical aid benefits	27 533 000	(4 418 000)
	42 589 269	(1 645 571)
Non-current employee benefits		
Long service awards	4 522 000	4 420 000
Once-off gratuity	5 985 000	5 981 000
Medical aid benefits	24 764 000	21 699 000
	35 271 000	32 100 000
Current employee benefits		
Leave entitlement	3 000 513	3 193 583
Service bonus	1 681 680	1 630 899
Performance bonus	1 183 372	927 064
Time-off hours	937 707	937 152
Long service awards	1 250 000	739 000
Medical aid benefits	1 555 000	1 416 000
	9 608 272	8 843 698
Long service awards: Movement		
Opening balance	5 159 000	4 387 000
Benefits paid	(574 000)	(581 000)
Net expense recognised	1 187 000	1 353 000
	5 772 000	5 159 000
Long service awards: Net expense recognised		
Current service cost	855 000	773 000
Interest cost	542 000	392 000
Actuarial loss/(gain)	(210 000)	188 000
	1 187 000	1 353 000

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
17. Employee benefit obligations (continued)		
Once-off gratuity: Movements		
Opening balance	5 981 000	4 700 000
Benefits paid	(489 000)	-
Net expense recognised	<u>493 000</u>	<u>1 281 000</u>
	5 985 000	5 981 000
Once-off gratuity: Net expense recognised		
Current service cost	1 346 000	1 313 000
Interest cost	668 000	403 000
Actuarial loss/(gain)	<u>(1 521 000)</u>	<u>(435 000)</u>
	493 000	1 281 000
Medical aid benefits: Movements		
Opening balance	23 115 000	27 533 000
Benefits paid	(1 318 000)	(1 231 000)
Net expense recognised	<u>4 522 000</u>	<u>(3 187 000)</u>
	26 319 000	23 115 000
Medical aid benefits: Net expense recognised		
Current service cost	2 824 000	2 198 000
Interest cost	2 438 000	2 394 000
Actuarial loss/(gain)	<u>(740 000)</u>	<u>(7 779 000)</u>
	4 522 000	(3 187 000)

Defined benefit plan

Post-retirement medical aid plan

The legislature offers Members and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, a Member may continue membership of the medical aid scheme. Upon a Member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

The legislature has agreed to subsidise the medical aid contributions of retired members in the following way:

Members of the legislature will receive medical aid subsidies at retirement. The legislature will provide a 67% subsidy of the main member (and dependants) subsidies at retirement. However, these Members need to be part of the PARMED medical aid scheme.

As at the valuation date, the medical aid liability was unfunded as no dedicated assets have been set aside to meet this liability.

Gratuity awards

Gratuity payments are awarded in terms of the Government Gazette No 31597 dated 12 November 2008, a Premier, member of Executive Council or Member of Provincial Legislature who has served more than 5 years and whose term of office has ended should be entitled to a once-off gratuity equal to 4 months pensionable salary for every 5 years of service or a pro-rata part of the 5 year period.

* See Note 39

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17. Employee benefit obligations (continued)

Long service awards

All permanent employees are entitled to long service benefits which are awarded in the form of leave days and a percentage of salary.

In 2017: 89 (2016: 92) of the employees qualified for long service awards.

Key assumptions used

The legislature made use of an independent firm to perform the valuation of post-retirement medical aid benefits, long service awards and once-off gratuity liability. Niel Fourie (B.Comm) (FASSA) and Julian van der Spuy (B.Comm Actuarial Science), from ZAQEN Consultants and Actuaries were the experts for the valuation. The key assumptions used by the experts are listed below for the last valuation on 31 March 2017:

Post-Retirement medical aid benefit: Discount rates -	Yield curve rate
Post-Retirement medical aid benefit: Medical aid contribution inflation -	CPI+1%
Long service awards: Discount rates -	Yield curve rate
Long service awards: Salary inflation -	CPI+1%
Once-off gratuity: Discount rates -	Yield curve rate
Once-off gratuity: Salary inflation -	CPI+1%

The CPI (Consumer Price Index) is calculated based on the difference between the nominal and yield curves.

Sensitivity analysis

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Western Cape Provincial Parliament. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Western Cape Provincial Parliament in the form of subsidies will reduce and vice versa.

The effect is as follows by increasing and decreasing the mortality rates by 20%:

	Twenty percentage point increase	Twenty percentage point decrease
Effect on the aggregate of the service cost and interest cost	4 132 000	4 931 000
Effect on defined benefit obligation	24 230 000	28 997 000

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The effect is as follows for a 1% p.a. change in the medical aid inflation assumption:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	5 185 000	3 912 000
Effect on defined benefit obligation	29 593 000	23 598 000

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Western Cape Provincial Parliament. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Western Cape Provincial Parliament in the form of benefits will reduce and vice versa.

The effect is as follows by increasing and decreasing the withdrawal rates by 20%.

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
17. Employee benefit obligations (continued)		
	Twenty percentage point increase	Twenty percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 372 000	1 514 000
Effect on defined benefit obligation	5 549 000	6 014 000

The cost of the gratuity payments is dependent on the increase in the annual salaries paid to political office bearers. The rate at which salaries increase will thus have a direct effect on the liability.

The effect is as follows for a 1% p.a. change in the Normal Salary inflation assumption:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 511 000	1 373 000
Effect on defined benefit obligation	6 040 000	5 523 000

Amounts for the current and previous four years are as follows:

	2017 R	2016 R	2015 R	2014 R	2013 R
Medical aid benefits	26 319 000	23 115 000	27 533 000	32 289 000	-

Contributions to pension funds

The Government Employees Pension Fund (GEPF)

Retirement benefits are provided by membership of the Government Employees Pension Fund which is a defined benefit fund. Parliament's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees. The obligation of the fund is guaranteed by the National Revenue Fund and not by the individual government departments and entities. This responsibility is governed by the Government Employees Pension Law, Proclamation 21 of 1996.

Contribution to the GEPF for the reporting period	4 291 887	4 143 740
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These contributions are included in surplus or deficit for the reporting period.

An actuarial valuation of the GEPF is conducted at least every three years as prescribed in section 17(3) of the GEP Law. The latest actuarial valuation of the GEPF was performed on 31 March 2014. This valuation indicates that the plan is in a sound financial position. The estimated liabilities of the fund are R1 174 million which are adequately funded by assets of R1 426 million as at March 2014.

The Pension Scheme for Officers of Parliament (PSOP)

The Pension Scheme for Officers of Parliament (PSOP) is a defined benefit plan. The obligation of the fund is guaranteed by the National Revenue Fund. This responsibility is governed by the General Pensions Act 29 of 1979.

The Political Office-Bearers Pension Fund (POBF)

The Political Office-Bearers Pension Fund has a defined contribution and a defined benefit section in terms of which the basis of funding of retirement benefits is on a defined benefit basis through additional service and equalisation benefits provided by National Treasury, and on a defined contribution basis through the utilisation of member credits accumulated. This responsibility is governed the Members of Parliament and Political Office bearers Pension Scheme Act, 1984 (Act No. 112 of 1984) as amended in 1992. Parliament's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees.

Contribution to the POBF for the reporting period	4 813 367	4 798 762
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* See Note 39

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	2017	2016 Restated*
18. Recoveries		
Recoverable revenue	25 512	28 948
19. Interest received		
Interest		
Bank	188 338	158 940
Receivables	662	844
LSS bank account	79 179	96 355
	268 179	256 139
20 Other income		
Boutique sales	13 869	15 013
Forex gain	-	6 576
Insurance and garnishee	14 556	13 862
Refreshments	8 050	15 325
Rental of parking	11 690	11 480
Reversal of impairment provision	900	1 665
	49 065	63 921
21. Appropriation		
Annual appropriation	124 762 876	120 408 000
Statutory appropriation	39 155 000	37 185 000
	163 917 876	157 593 000
Annual appropriation unspent in prior year	4 558 124	-
Total appropriation for the year	168 476 000	157 593 000
Appropriation		
Current-year receipts	168 476 000	157 593 000
Actual expenditure	(157 408 547)	(151 764 836)
Voted funds liability	(2 491 870)	(1 545 754)
Unspent appropriated funds carried over to next year	8 575 583	4 282 410
Departmental revenue carried over to next year	326 570	275 714
Total unspent funds carried forward to next year	8 902 153	4 558 124
For the Voted funds liability refer to note 14.		

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
22. Employee related costs		
Acting allowances	190 624	78 030
Basic	37 227 219	34 478 604
Bonus	2 668 552	2 416 636
Contribution to employee benefits	833 555	1 136 870
Employee benefits paid out	35 750	83 594
Housing allowances	3 063 632	2 735 522
Leave payout	201 603	288 438
Medical aid - employer contributions	638 458	630 342
Other non-pensionable allowances	3 485 399	3 748 822
Overtime payments	257 926	302 922
Pension - employer contributions	4 291 887	4 143 740
Performance bonus	1 012 347	446 766
Unemployment Insurance fund	175 850	173 475
	54 082 802	50 663 761
Remuneration of the Secretary		
Basic	1 392 007	185 409
Contributions to UIF, medical and pension funds	1 785	297
	1 393 792	185 706
Remuneration of the Secretary (Outgoing)		
Basic	-	853 676
Bonus	-	85 368
Leave payout	-	61 963
Overtime payout	-	14 356
Contributions to UIF, medical and pension funds	-	122 605
Other non-pensionable allowances	-	172 116
	-	1 310 084
<p>Previous Secretary was appointed on 1 February 2015 and resigned on 31 January 2016 with a final payout in February 2016.</p>		
Remuneration of the Deputy Secretary: Corporate Services		
Basic	1 022 671	958 014
Bonus	80 223	74 835
Contributions to UIF, medical and pension funds	126 932	124 610
Performance bonuses	54 344	36 210
Other non-pensionable allowances	322 870	292 465
	1 607 040	1 486 134

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
Remuneration of the Deputy Secretary: Procedural Services		
Basic	-	702 676
Bonus	-	106 204
Overtime payout	-	30 163
Leave payout	-	48 289
Contributions to UIF, medical and pension funds	-	87 427
Performance bonuses	-	36 210
Other non-pensionable allowances	-	124 479
	<u>-</u>	<u>1 135 448</u>
Remuneration of the Chief Financial Officer		
Basic	848 875	791 861
Bonus	70 740	65 988
Contributions to UIF, medical and pension funds	124 306	116 894
Performance bonuses	42 444	28 281
Other non-pensionable allowances	168 758	156 486
	<u>1 255 123</u>	<u>1 159 510</u>
Remuneration of the Chief Parliamentary Officer		
Basic	800 146	746 405
Acting allowance	144 401	44 901
Contributions to UIF, medical and pension funds	117 972	110 985
Performance bonuses	-	26 657
Other non-pensionable allowances	224 948	208 903
	<u>1 287 467</u>	<u>1 137 851</u>
23. Members remuneration		
Basic salary	21 392 485	21 295 029
Contributions to employee benefits	5 573 019	5 243 559
Housing allowance	4 000	92 000
Medical aid contributions	156 015	158 622
Other non-pensionable allowances	8 471 433	8 414 267
Pension contributions	4 813 367	4 798 762
Retirement benefits paid out	2 120 902	1 231 232
Service bonus	834 109	553 771
	<u>43 365 330</u>	<u>41 787 242</u>

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
Remuneration of the Speaker		
Basic salary	1 141 036	1 141 036
Other non-pensionable allowances	422 706	415 631
Service bonus	134 506	85 086
Pension contributions	193 360	256 733
Medical aid contribution	66 613	3 240
	<u>1 958 221</u>	<u>1 901 726</u>
Remuneration of the Deputy Speaker		
Basic salary	896 515	896 515
Other non-pensionable allowances	389 481	389 481
Pension contributions	201 716	201 716
Medical aid contribution	6 480	6 480
	<u>1 494 192</u>	<u>1 494 192</u>
24. Finance costs		
Finance leases	<u>465 522</u>	<u>242 060</u>
25. Operating lease rentals		
Operating lease rental payments		
Motor vehicles	265 040	390 559
Photocopiers	<u>124 904</u>	<u>183 758</u>
	<u>389 944</u>	<u>574 317</u>

Motor Vehicles:

Operating leases relate to a vehicle with an anticipated remaining lease term of 3 years as at 31 March 2016, which was sold during the year ended 31 March 2017. The department did not have an option to purchase the leased asset at the expiry of the leased period.

This rental is classified as a contingent rental due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining. It is therefore impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:

- no later than one year.
- later than one year and not later than five years; and
- later than five years.

Photocopiers:

Refer to note 30 for details relating to the photocopiers operating leases.

26. Transfer payments

Political Parties

Democratic Alliance	22 399 614	21 027 732
African National Congress	12 201 486	11 562 919
African Christian Democratic Party	1 234 161	1 167 378
Economic Freedom Fighters	<u>1 169 302</u>	<u>1 095 677</u>
	<u>37 004 563</u>	<u>34 853 706</u>

* See Note 39

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	2017	2016 Restated*
27. General expenses		
Advertising	664 746	1 348 891
Assets written off	187 006	-
Auditors remuneration	3 082 825	2 424 193
Bad debts written off	4 220	-
Bank charges	34 638	24 775
Bursaries	158 574	27 590
Catering	2 112 293	2 345 345
Computer services	1 640 022	2 358 845
Consulting and professional fees	2 274 185	6 703 102
Consumables	1 227 182	1 565 950
Contracted services	1 441 664	1 579 408
Fleet services	453 781	454 405
Insurance	298 514	264 252
Laundry services	11 723	18 844
Other expenses	476 347	541 274
Outsourced services	174 379	463 536
Postage and courier	1 257	3 154
Printing and publications	299 083	486 206
Registration fees	10 000	7 787
Rentals of facilities and equipment	238 251	52 308
SITA computer expenses	247 865	310 990
Subscriptions and membership fees	565 320	286 213
Telephone and fax	271 393	289 652
Training	1 151 248	604 885
Travel - local	5 015 514	4 441 758
Travel - overseas	197 055	1 187 816
	22 239 085	27 791 179

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
28. Cash flow from operating activities		
Surplus	5 920 666	7 355 465
Adjustments for:		
Loss on sale of assets and liabilities	819 777	1 842 475
Reversal on impairment loss	(900)	(1 665)
Transfer to voted funds liability	2 491 870	1 545 754
Transfer to departmental revenue liability	-	-
Contribution to employee benefits	6 406 574	6 380 431
Actuarial gain	(2 471 000)	(8 026 000)
Assets transferred in	-	(687 951)
Bad debts written off	4 220	-
Inventory adjustment	65 755	-
Assets written off	187 006	-
Changes in working capital:		
Inventories	(66 274)	(151 605)
Receivables from non-exchange transactions	199 922	(228 338)
Receivables from exchange transactions	292 008	1 339
Prepayments	73 250	(497 739)
Payables from exchange transactions	(414 531)	(668 935)
Voted funds liability	(1 545 754)	(6 388 201)
Departmental revenue liability	-	(23 119)
	<u>11 962 589</u>	<u>451 911</u>
29. Auditors' remuneration		
Fees	<u>3 082 825</u>	<u>2 424 193</u>
30. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Capital expenditure	<u>121 401</u>	<u>272 709</u>
Total capital commitments		
Already contracted for but not provided for	<u>121 401</u>	<u>272 709</u>

This committed expenditure relates to property, plant and equipment and will be financed through funding received from Provincial Treasury.

* See Note 39 & 40

Notes to the Annual Financial Statements

	2017	2016 Restated*
Operating leases - as lessee (expense)		
Minimum lease payments due		
-within one year	26 842	87 502
-in second to fifth year inclusive	13 421	49 507
	<u>40 263</u>	<u>137 009</u>

Operating lease payments represent rentals payable by the legislature for the rental of photocopy machines to Minolco (Pty) Ltd. As at 31 March 2017 the legislature has one copy machine under the operating lease agreement with 18 months remaining at 31 March 2017 and the remaining machines are on a month to month basis.

31. Contingencies

NEHAWU vs CCMA (WCPP)

The union NEHAWU is currently in dispute of the performance management process that is used by the legislature. The estimated legal costs are R150 000.

Provincial Parliament vs Parliament

The legislature is currently in the process of determining the constitutionality of the Financial Management of Parliament and Provincial Legislatures Act and the Legislative Sector Bill, and therefore a possible dispute against Parliament can be expected. The estimated legal costs are R332 500.

32. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At amortised cost	Total
Cash and cash equivalents	13 606 209	13 606 209
Receivables from non-exchange transactions	66 349	66 349
Receivables from exchange transactions	327 368	327 368
Long term receivables from non-exchange transactions	17 741	17 741
Long term receivables from exchange transactions	-	-
	<u>14 017 667</u>	<u>14 017 667</u>

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	1 626 250	1 626 250
Finance lease obligation	2 160 343	2 160 343
Voted funds liability	2 491 870	2 491 870
Departmental revenue liability	-	-
	<u>6 278 463</u>	<u>6 278 463</u>

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
2016		
Financial assets		
	At amortised cost	At amortised cost
Cash and cash equivalents	6 910 037	6 910 037
Receivables from non-exchange transactions	267 481	267 481
Receivables from exchange transactions	622 387	622 387
Long term receivables from non-exchange transactions	20 141	20 141
Long term receivables from exchange transactions	420	420
	7 820 466	7 820 466
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	2 040 781	2 040 781
Finance lease obligation	1 048 136	1 048 136
Voted funds to be surrendered	1 545 754	1 545 754
Departmental revenue liability	-	-
	4 634 671	4 634 671

33. Risk management

Financial risk management

The legislature's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

Liquidity risk

The legislature's risk to liquidity is a result of the funds available to cover future commitments. The legislature manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the legislature's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 626 250	-	-	-
Finance lease obligation	179 995	1 980 348	-	-
Voted funds liability	2 491 870	-	-	-
Departmental revenue liability	-	-	-	-
	4 298 115	1 980 348	-	-
As at 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 040 781	-	-	-
Finance lease obligation	156 073	892 063	-	-
Voted funds liability	1 545 754	-	-	-
Departmental revenue liability	-	-	-	-
	3 742 608	892 063	-	-

* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
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Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The legislature only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

	2017	2016
Cash and cash equivalents	13 606 209	6 910 037
Receivables from non-exchange transactions	66 349	267 481
Receivables from exchange transactions	327 368	622 387
Long term receivables from non-exchange transactions	17 741	20 141
Long term receivables from exchange transactions	-	420

Market risk

Interest rate risk

As the legislature has no significant interest-bearing assets, the legislature's income and operating cash flows are substantially independent of changes in market interest rates.

34. Unauthorised expenditure

No unauthorised expenditure was incurred during the current financial year ended 31 March 2017.

35. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred during the current financial year ended 31 March 2017.

36. Irregular expenditure

Add: Irregular Expenditure - current year	116 578	216 868
Less: Accounts condoned	(49 683)	(216 868)
	66 895	-

Analysis of expenditure awaiting condonation

Current year – Datacentrix: Payment made with no pre-approval	17 100	-
Current year - House of Monatic (Pty) Ltd: Non-compliance to local content certification	43 103	-
	60 203	-

Details of irregular expenditure condoned in current year

Travel Manor – This service was acquired through the use of the incorrect delegations for approval. Condoned by the Accounting Officer

	49 683	-
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Details of irregular expenditure recoverable (not condoned)

Current year - Petty cash: Purchases made not in line with the policy, to be recouped.

	6 692	-
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* See Note 39

Notes to the Annual Financial Statements

	2017	2016 Restated*
37. Related parties		
During the year the Western Cape Provincial Parliament received services from the following parties that are related as indicated:		
Department of Transport Public Works		Free rental, inclusive of related costs (water and electricity). Parking spaces are also provided for government officials at an approved fee that is not market related.
Department of Community Safety		Security services in the Legislature building.
Department of the Premier - Corporate Services Centre		Internal Audit inclusive of the Audit Committee.
Primary funding		Provincial Treasury
Government Motor Transport (GMT)		Management of government motor vehicles. This relationship is based on at an arm's length transaction in terms of the approved tariffs.
Key management and Members		Refer to not 22 & 23
38. Services in-kind		
The South African Police Services provides National Key Point access control services to Western Cape Provincial Parliament at no cost to the legislature. These services were provided for the entire reporting period.		
National Parliament provided services in the form of training to the Members of the Western Cape Provincial Parliament to the value of R 514 909. These services were provided within the reporting period at no cost to the legislature.		
39. Prior period error		
During the preparation of the annual financial statements for the current year the following errors were identified:		
Assets transferred in		
During the prior period ended 31 March 2016, the department of Transport and Public Works transferred items of property, plant and equipment classified as other machinery and equipment to the legislature valued at a cost of R687 951.		
Property, plant and equipment – Other machinery and equipment		687 951
Assets transferred in		(687 951)
		-
Inventory		
During the period ended 31 March 2017, the legislature determined that the opening balance of inventory for the period ended 31 March 2016 that was recorded had quantity and value discrepancies that have been corrected to the value of R 53 981.		
Inventory		53 981
Accumulated surplus		(53 981)
		-
Contribution to service bonus accrual		
During the period ended 31 March 2017, the legislature determined that the contribution to the service bonus accrual was not split between the portion relating to the members remuneration and the employees cost. A reclassification journal was therefore processed to record the split for the prior period ended 31 March 2016.		
Contribution to employee benefits – members remuneration		166 559
Contribution to employee benefits – employee costs		(166 559)
		-

* See Note 39

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	2017	2016 Restated*
Disallowance and Property, plant and equipment		
During the period ended 31 March 2017, the legislature determined that the disallowance amount previously recorded for the cell phone debt of an employee was incorrectly recorded as the new purchase value and not the value of the phone that was lost. It was further determined that the new cellphone was not included as additions to property, plant and equipment.		
Property, plant and equipment – other machinery		4 002
Receivables from exchanged transactions - Disallowance		(1 386)
Revenue from exchange transactions - Previous years revenue		(2 616)
		-
Performance bonus		
During the year, the legislature through inspection of the performance bonus report for the current year it was determined that there was a performance bonus accrual that was accounted for while it have already been included in the calculation at 31 March 2016. Therefore the performance bonus accrual of R 13 210 has been reversed in the prior year.		
Payables from exchange transactions - Accruals		13 210
Employee cost - Performance bonus		(13 210)
		-
Funds to be surrendered		
During the period ended 31 March 2017, it was identified that the legislature should not account for unspent non-statutory appropriations as liabilities in the Statement of Financial Performance at yearend. This resulted in the liabilities raised and transfers from the Statement of Financial Performance to the liabilities having to be reversed for 2015/16. It has no impact on 2014/15 as the FMPPLA did not apply to the legislature at that time.		
Receivables from non-exchange		254 922
Voted funds liability		4 282 410
Departmental revenue liability		20 792
Transfer to voted funds liability		(4 282 410)
Transfer to departmental revenue liability		(275 714)
		-
Other prepayments		
During the year, the legislature through inspection of various payments determined that of these payments were made services and subscriptions only to occur after 31 March 2016, therefore resulting in prepayments.		
Prepayments - Other		444 376
General expenses		(444 376)
		-

* See Note 39

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	2017	2016 Restated*
Asset verification		
During the current year asset verification, additional assets to the value of R443 581 were identified which have been processed as an adjustment to the opening balance of the prior year ended 31 March 2016.		
Property, plant and equipment - Computer equipment		44 970
Property, plant and equipment - Furniture and office equipment		267 095
Property, plant and equipment - Other machinery and equipment		131 516
Accumulated surplus		(443 581)
		-

* See Note 39

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	2017	2016 Restated*
Statement of financial position		
Increase in property, plant and equipment		1 135 534
Increase in inventory		53 981
Increase in receivables from exchange transactions		253 536
Decrease in payables from exchange transactions		13 210
Decrease in voted funds liability		4 282 410
Decrease in Departmental revenue liability		20 792
Increase in prepayments		444 376
Statement of Financial Performance		
Increase in revenue from non-exchange transactions		(687 951)
Increase in members remuneration y		166 559
Decrease in employee cost		(179 769)
Increase in revenue from exchange transactions		(2 616)
Decrease in general expenses		(444 376)
Decrease in Transfer to voted funds liability		(4 282 410)
Decrease in Transfer to departmental revenue liability		(275 714)
Statement of Changes in Net Assets		
Decrease in accumulated surplus		(497 562)

40. Budget differences

Material differences between budget and actual amounts

40.1 Recoveries

The variance is as a result of income received in terms of previous years expenditure.

40.2 Other income

The variance is as a result of revenue received from meals, parking and sales which was more than the appropriated budget amount.

40.3 Interest received

The variance is as a result of interest on bank account as well as interest on debts which was more than the appropriated budget amount.

40.4 Employee costs

The variance is due to vacant posts which were not filled as anticipated.

40.5 Members remuneration

Variance due to no members increase received for the current year.

40.6 Finance costs

Variance due to daily tariff for Government Garage vehicles being less than anticipate and a decrease in use.

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	2017	2016 Restated*
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40. Budget differences (continued)

40.7 General expenses

Variance mainly due to a delayed implementation of the Enterprise Resource Planning project resulting in a later than anticipated completion of the milestone payment process.

Variance mainly due to reduced forum meetings and foreign travel which did not take place in the current year.

Changes from the approved budget to the final budget

The changes between the approved budget for provincial expenditure and the budget comparison statement for the expenditure items is as a result of the change in classification between the approved budget and the budget comparison in order to meet the requirements of GRAP.

The adjustments incurred between the approved budget and the final budget occurred due to the adjustment budget as well as shifts within expenditure items. These adjustments are as follows:

Expenditure	Approved budget	Adjustment	Shifts	Final budget
Employee related costs	57 380 000	(3 675 913)	-	53 704 087
Members remuneration	40 544 000	(195 000)	(54 015)	40 294 985
Finance costs	944 000	20 041	13 722	977 763
Lease rentals on operating lease	200 000	(50 000)	(31 293)	118 707
Transfer payments	36 942 000	63 000	-	37 005 000
General expenditure	33 966 000	2 337 872	71 586	36 375 458
	169 976 000	(1 500 000)	-	168 476 000

41. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

42. Events after the reporting date

During the period relating to the preparation of the financial statements, heavy rainfall in April 2017 caused damage to the corporate store inventory stored in the ground floor storeroom. The extent of the damage to the inventory which is no longer in a usable condition is still to be determined. As this event is a result of natural causes and did not exist at year end no adjustment will be made.

On 19 June 2017, the Western Cape Provincial Parliament lodged a complaint with the South African Police Service regarding possible fraudulent activities in the legislature. A case number was issued and an investigating officer appointed to investigate this matter.

* See Note 39

