

# WESTERN CAPE PROVINCIAL PARLIAMENT



## ANNUAL REPORT 2018/2019

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# **Annual Report 2018/2019**

**Published by  
the Western Cape Provincial Parliament**

**2019**

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# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART A GENERAL INFORMATION





Presiding Officer Elin Jones and Assembly Member Rhun ap Iorwerth of the National Assembly for Wales paid a courtesy visit to the WCPP on 28 February. They were received by Speaker Sharna Fernandez, Deputy Speaker Piet Pretorius, and Secretary Gilbert Lawrence



A group of elderly persons from Mitchells Plain visited the Western Cape Provincial Parliament on Mandela Day, 17 July



**1. GENERAL INFORMATION**

Physical address: Provincial Legislature Building  
7 Wale Street  
CAPE TOWN  
8001

Postal address: PO Box 648  
CAPE TOWN  
8000

Telephone numbers: 021 487 1701 and 021 487 1702

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Website address: [www.wcpp.gov.za](http://www.wcpp.gov.za)

## 2. ACRONYMS

AO	Accounting Officer
AC	Audit Committee
ACDP	African Christian Democratic Party
AGSA	Auditor-General South Africa
ANC	African National Congress
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
AR	Annual Report
BBBEE	Broad-Based Black Economic Empowerment
COPE	Congress of the People
DA	Democratic Alliance
D: ERM	Directorate Enterprise Risk Management
DoCS	Department of Community Safety
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, 2009 (Act 10 of 2009)
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communications Technology
IFMS	Integrated Financial Management System
LOGIS	Logistical Information System
LSS	Legislative Sector Support
MOU	Memorandum of Understanding
NCOP	National Council of Provinces
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
TOR	Terms of Reference
WCPP	Western Cape Provincial Parliament

**3. FOREWORD BY THE SPEAKER**



Masizole Mnqasela  
Speaker

I hereby table the Annual Report of the Western Cape Provincial Parliament (WCPP) for the 2018/2019 financial year, in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009.

This report represents the fourth year of the five year strategic plan (2015/16 – 2019/20). This report is also the last report of the fifth Parliament. In this regard, I wish to express my gratitude to the former Speaker, Ms Sharna Fernandez and former Deputy Speaker, Mr Piet Pretorius, who guided the ship over the past five years to ensure that the WCPP successfully fulfilled its constitutional obligations. A number of initiatives were successfully concluded and will stand the institution in good stead going forward. I also extend my appreciation to the former Secretary, Dr Gilbert Lawrence, the senior management team and all the staff for their contributions over this period and for once again achieving a clean audit.

A handwritten signature in black ink, appearing to be 'Mnqasela', written over a horizontal line. The signature is fluid and cursive.

**Speaker**  
**Masizole Mnqasela**  
**22 August 2019**

#### 4. REPORT OF THE ACCOUNTING OFFICER



Romeo Adams  
Secretary to Provincial Parliament

##### 4.1 Overview of the operations of the Western Cape Provincial Parliament

In its efforts to enhance the services provided to its stakeholders, the WCPP embarked on a functional enhancement study. This study was concluded towards the end of the financial year.

The WCPP also commenced this financial year with a new enterprise resource planning (ERP) system. This system replaced the Public Service legacy systems of Persal, BAS and Logis as these systems were not compliant with the GRAP Accounting System on which the WCPP is obligated to report on. As with all new systems the WCPP experienced some challenges and could not implement all the modules. These challenges will be addressed in the 2019/20 financial year.

Notwithstanding the challenges that the WCPP experienced during the financial year, it remained committed to delivering on the targets set out in the 2018/19 annual performance plan.

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/ partially achieved	Not applicable/ not achievable
Programme 1: Administration	44	37	7	-
Programme 2: Facilities for Members and Political Parties	3	2	-	1
Programme 3: Parliamentary Services	15	11	2	2
<b>Total</b>	<b>62</b>	<b>50</b>	<b>9</b>	<b>3</b>

The WCPP also had good support from its assurance providers namely Internal Audit, the Audit Committee and the Auditor General together with the Parliamentary Oversight Committee. With this support and the support of the Executive Authority, the Management team and all the staff of the WCPP, the WCPP once again received a clean audit for the 2018/19 financial year.

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

### 4.2.1 WCPP receipts

Receipts	2018/19			2017/18		
	Estimate	Actual amount	(Over) or under	Estimate	Actual amount	(Over) or under
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	6	53	(47)	5	67	(62)
Fines, penalties, and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	58	236	(178)	55	169	(114)
Sale of capital assets	-	49	(49)	-	-	-
Financial transactions in assets and liabilities	-	72	(72)	-	708	(708)
<b>Total</b>	<b>64</b>	<b>410</b>	<b>(346)</b>	<b>60</b>	<b>944</b>	<b>(884)</b>

Revenue collection in the WCPP is limited to parking, the sale of meals to Members, the 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.

Members of the WCPP pay for meals prepared by a catering service, which is a further source of revenue. The Members' meals are charged according to the Members' Facilities Guide.

### 4.2.2 Programme expenditure

Programme Name	2018/2019			2017/2018		
	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	65 153	63 246	1 907	64 822	59 213	5 609
Facilities for Members and Political Parties	50 771	47 510	3 261	47 865	46 526	1 339
Parliamentary Services	27 950	27 620	330	25 028	24 805	223
<b>Total</b>	<b>143 874</b>	<b>138 376</b>	<b>5 498</b>	<b>137 715</b>	<b>130 544</b>	<b>7 171</b>

During the 2018/19 financial year there was an under expenditure of R5 498 million.

#### Rollovers

An amount of R 5 498 million (in respect of the underspending on voted funds) and an amount of R 346 thousand (in respect of over-collected own revenue) were approved to be rolled over.

#### Virements

There were no virements during the period under review.

#### **Irregular, fruitless and wasteful and unauthorised expenditure**

There were no incidents of irregular expenditure during the 2018/19 financial year.

#### **4.2.3 Supply Chain Management (SCM)**

No unsolicited bid proposals were received or concluded for the 2018/19 financial year.

Supply Chain Management (SCM) is an integrated function which deals with the planning, acquisition (or procurement) and deployment of goods and services for the WCPP within legislative prescripts.

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 contractual administration function resides with SCM. The section manages and monitors contracts for compliance and performance. In this regard SCM provides a written S41 (a FMPPLA requirement) report to the Executive Authority quarterly. SCM further facilitates the management of public assets and its subsequent disposal, if required, while maintaining norms and standards as prescribed.

All assets were valued in terms of their cost (or deemed cost, where historical costs were not available) in preparation of a GRAP-compliant asset register.

#### **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 2018/19 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 the financial year end to the date of approval of the annual financial statements.

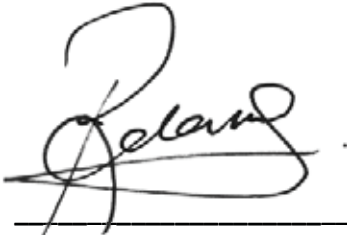
#### **4.2.7 Compliance with 30-day payments**

During 2018/19, three invoices, to the accumulated value of R19 304.25 were settled in more than 30 days. 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**

My appreciation is extended to the former Speaker, Sharna Fernandez, former Deputy Speaker, Piet Pretorius, and my predecessor, Dr Gilbert Lawrence, for their leadership during the reporting period. I also wish to extend my appreciation to the management team and staff of the WCPP for their consistent hard work.

A handwritten signature in black ink, appearing to read 'R. Adams', written over a horizontal line.

**Accounting Officer**  
**ROMEO ADAMS**  
**22 August 2019**

**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 the 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, 2009 (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 2019.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Adams', with a large, stylized flourish at the end.

**ROMEO ADAMS**  
Accounting Officer  
22 August 2019



## 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 MANDATE

### 7.1 Constitutional Mandates

The core objectives of the Western Cape Provincial Parliament are based on the following constitutional mandates:

#### **(i) The 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.
- (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, gives 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.
- (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) The 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 Provincial Constitution provides 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 Provincial Parliament 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 Provincial Parliament 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, 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, 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, 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, 2006**

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

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

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

**(vi) Western Cape Law on the Powers and Privileges of the Provincial Legislature Act, 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, 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, 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 Provincial Parliament. The *Code of Conduct for Members of the Western Cape Provincial Parliament* is premised on this Act.

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

This Act provides for the use of the three official languages of the province, Afrikaans, English and isiXhosa, by Provincial Parliament.

**(x) Remuneration of Public Office-bearers Act, 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, 1998**

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

**(xii) Electoral Act, 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, 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, 1997**

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

**(xv) National Key Points Act, 1980**

This Act provides for the identification of national key points and for the safeguarding of national key points. The Western Cape Provincial Parliament, situated at 7 Wale Street, Cape Town, was declared a national key point by the Minister of Police.

### 7.3 Case Law

The following judgments inform on interpretation of the constitutional and statutory mandates of Provincial Parliament:

**(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 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.

**(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 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 section 104 of the Constitution in the context of the provincial legislatures' capacity to legislate on the management of their own financial affairs.

**(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.

**(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, 2004*, that authorised the arrest of members who created or took part in a disturbance in the House, is unconstitutional.

**(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 non-interference by other organs of state in parliamentary proceedings; and analysed the role of the Office of the Speaker in South African law.

**(xiv) UDM v Speaker of the National Assembly and Others (Constitutional Court) case no: CCT 89/17**

In this case the court considered the use of open or secret ballots to record a vote in Parliament.

**(xv) Primedia Broadcasting (Pty) Ltd and Others v Speaker of the National Assembly and Others (Supreme Court of Appeal) case no: 784/2015**

In this case the court considered the principles and values underpinning the public's right to an open Parliament.

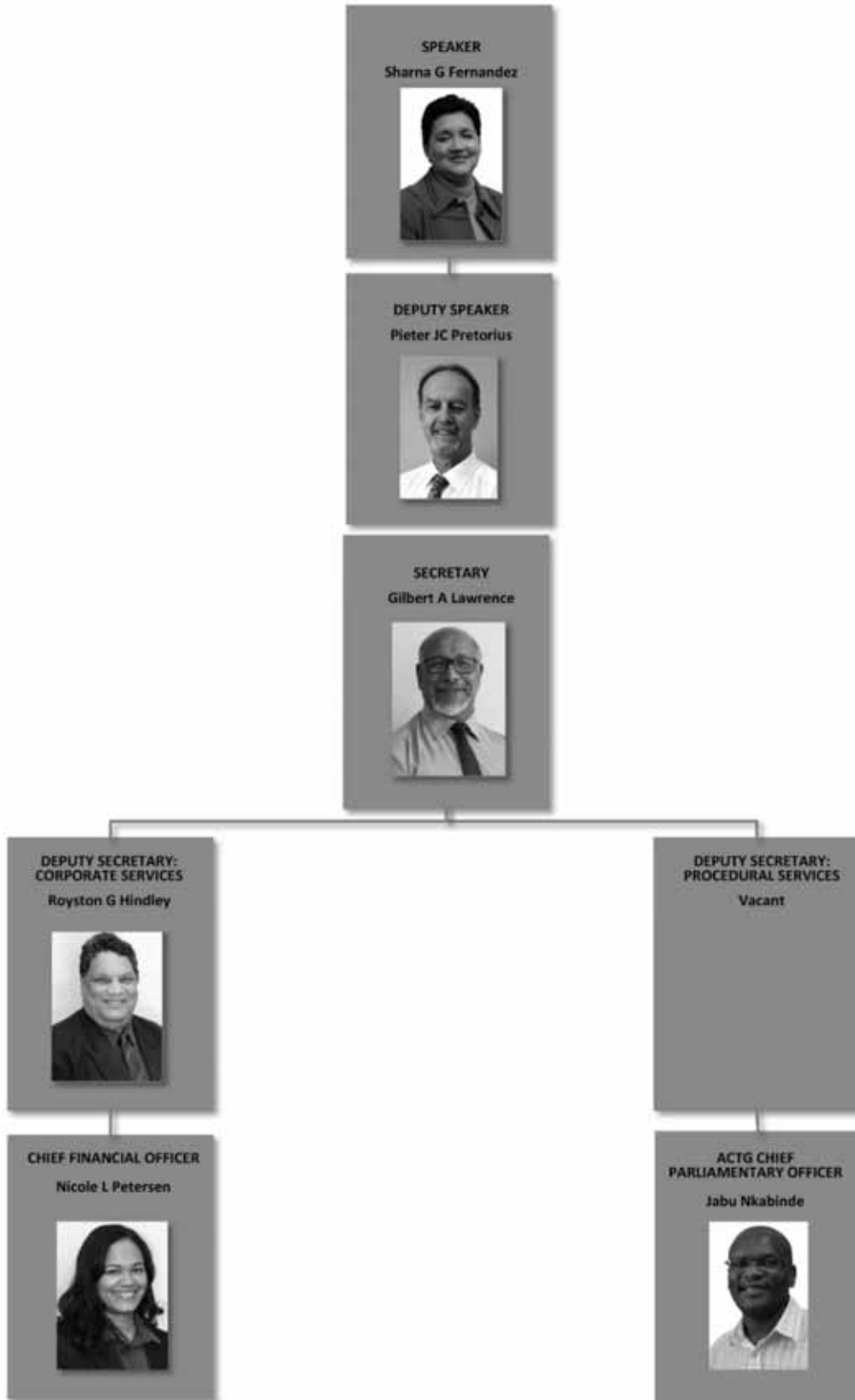
**(xvi) Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (Constitutional Court) case no: CCT 40/15**

In this case the court considered the lawfulness of truncated timelines for public involvement.

**(xvii) Marius Llewellyn Fransman v Speaker of the Western Cape Provincial Parliament and Another (Western Cape High Court) case no: 13097/2014**

In this case the court found that it is not for the judiciary to determine the internal arrangements, proceedings and procedures of legislatures, but that these matter are reserved by the Constitution for determination by the legislatures themselves. The court also found that the proceedings of a parliamentary committee is not administrative action reviewable under the Promotion of Administrative Justice Act, 2000.

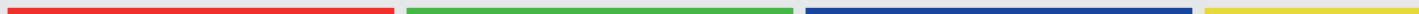
8. ORGANISATIONAL STRUCTURE: EXECUTIVE AUTHORITY AND TOP MANAGEMENT AS AT 31 MARCH 2019



# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART B PERFORMANCE INFORMATION







Lecturers and students from the Fachhochschule Kehl in Germany, visited the institution on 18 February. The WCPP has become a regular stop on the university's annual South African study visits. The group was received by Deputy Speaker Piet Pretorius



Speaker Sharna Fernandez hosted the WCPP's 365 Days of No Violence Against Women and Children Conversation in Athlone on 10 December. Guest speakers included Ellen Pakkies, human trafficking survivor Grizelda Grootboom, rape survivor Caroline Peters, Judy Strickland of Hope House and Dawn Fish of MOSAIC

## **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 heading Report on the audit of the annual performance report.

Refer to page 100 of the Report of the Auditor-General, published as Part E: Financial Information.

## **2. OVERVIEW OF THE WCPP'S PERFORMANCE**

The 2018/19 financial year was the fourth year of the WCPP's Strategic Plan 2015/16 to 2019/20. In pursuit of its vision to be a dynamic, effective and efficient parliament supporting constitutional democracy, the WCPP has set two strategic outcome-orientated goals and three strategic objectives namely:

### **2.1 Strategic outcome-oriented goal 1:**

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

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

#### **2.1.1 Strategic objective 3:**

To enhance effective and timely procedural and related support.

### **2.2 Strategic outcome-oriented goal 2:**

*To promote sound governance and improve strategic corporate support*

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

#### **2.2.1 Strategic objective 1:**

To enhance sound governance by establishing structures, processes and procedures as per legislation and related guidelines.

#### **2.2.2 Strategic objective 2:**

To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems.

### **2.3 Service-delivery environment**

The WCPP is mandated by the Constitution to perform oversight over the Executive, make laws and facilitate public involvement in its activities. In this regard, the administration provided procedural and related support to Members, committees and the House.

In respect of oversight, the administration supported committee meetings, oversight visits and, in the House, questions, motions and interpellations.

In respect of law-making, the administration provided support in respect of national and provincial legislation, which included public hearings.

As far as public involvement is concerned, the WCPP employed a number of processes to involve the people of the Province in its legislative processes.

This included the education of the public on how parliament works, how to make a submission and lodge a petition. It was also active in sector initiatives.

## **2.4 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 Legislature, 1995 (Act 3 of 1995).

The Secretary has been appointed on a fixed-term contract which ended on 31 March 2019. The organisational structure as at 31 March 2019 is depicted on page 19.

## **3. Performance information by programme**

### **3.1 Programme 1: Administration**

#### **3.1.1 Purpose**

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

#### **3.1.2 Key functions**

- 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; and
- Provide communication and information services; legal support; financial management services; supply chain management services; internal control, human resources and Members' facilities management services; administrative and information technology support services and security and facilities management services.

**3.1.3 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.	Establish 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>	Year-on-year improvement in organisational effectiveness and efficiency.	
		• <i>Office of the Secretary</i>		
	• <i>Communication and Information</i>	Clean audit outcome.		
	• <i>Library</i>			
	1.3	Finance		Modernisation and integration of Human Resources Management.
	1.4	Supply Chain Management		
	1.5	Internal Control		
1.6	Human Resources			
1.7	Information and Communication Technology	Upward change in the Capability Maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model.		
		Year-on-year improvement in organisational effectiveness and efficiency.		
1.8	Security and Facilities Management			

**3.1.4 Summary of achievements**

**Leadership and governance**

The WCPP is committed to good governance in executing its primary functions. During the reporting period the WCPP developed a Corporate Governance framework.

This Corporate Governance Framework sets out the governance components, principles and requirements that would enable the WCPP to implement governance and a robust system of internal control to enhance the control environment and achieve the fiduciary requirements as set out in section 12 of FMPPLA. The purpose of the WCPP Governance Framework, is to provide for the prudent management and oversight of the functions within WCPP and to adequately protect the interests of both internal and external stakeholders. This framework describes the governance structure and decision making processes applicable to the WCPP. The WCPP also reviewed its Standing Rules.

### ***Registrar of Members' Interests***

The Western Cape Provincial Parliament (House) approved the appointment of a part-time Registrar of Members' Interests, who is independent of the administration, on a two-year retainer in terms of section 3 of the Western Cape Parliament Code of Conduct Act, 2002 (Act 3 of 2002).

The Registrar of Members' Interests is responsible for receiving financial interests of Members and investigating breaches of the Code of Conduct and complaints.

### ***Risk management***

In compliance with Section 7(c) of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), 2009 as amended by Act No.34 of 2014 and the National Treasury Public Sector Risk Management Framework (PSRMF) and to further embed risk management within the institution, the WCPP has adopted an Enterprise Risk Management (ERM) Policy which was reviewed and approved 20 March 2018 and sets out the institutions overall intention with regard to ERM.

The WCPP has adopted an ERM Strategy and an ERM Implementation Plan, which is reviewed annually and was approved by the Accounting Officer on the 20 March 2018. The ERM Strategy and Implementation Plan gave effect to the WCPP's ERM Policy, which outlines the institutional philosophy toward risk management.

The WCPP has an established Enterprise Risk Management Committee (ERMCO) which exercises oversight over the ERM Framework (Policy, Strategy and Plan), and meets on a quarterly basis to deliberate the strategic, operational and project risks that were outside the desired tolerance levels and would recommended further actions to risk owners to reduce the risks within the desired tolerance range. Based on the implementation of the ERM Strategy and Plan, which includes the training and awareness of staff, the WCPP's control environment and performance environment has matured and improved. The ERMCO completed the bi-annual assessment (survey) of the integration of risk management into the institutions processes, in order to determine what is required to continuously mature the risk management practices of the WCPP. The assessment reports were issued to the Secretary on the 29 June 2018 and 28 January 2019. The recommendations of these assessment reports were used to provide input into the ERM Strategy and Plan for the 2019/20 financial year.

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/responses to mitigate the risks within those approved risk tolerance levels.

The WCPP has developed and approved the Business Continuity Plan on the 19 September 2018. The water contingency plan as an annexure to the BCP, was tested at the water secure alternate site at the Cape Winelands District Municipalities facility, in Worcester on the 5 December 2018. The test was conducted to validate the infrastructure and logistical capability of the alternate site, should it be required to be invoked to ensure that House and Standing committee meetings can continue in the event of an extended water supply disruption (e.g. Day Zero) affecting the WCPP's precinct.

### **Internal audit**

The WCPP continued to utilise the services of the Department of the Premier with regard to its internal audit function.

### **Communication and Information**

The section managed to achieve all of its targets for the year. Some were marginally exceeded due to unforeseen additional opportunities being identified. Of particular note is the change in approach to records management training. In this case a decision was made to alter the format of these sessions to “awareness” session. In addition, where generic institutional training material had been developed for past sessions, with this approach customised material was created for each session in order to create a closer connection between the audience and the processes being discussed.

Besides marginally exceeding the target iro the number of operational units complying with the WCPP’s Records Management Policy and Procedures, the number of records being received by the unit has increased quite significantly, largely due to there being a better understanding of what constitutes records and why it is important to preserve them.

During the course of the year the section identified a number of topics for internal communication. This took the form of posters displayed in the dedicated poster frames around the building, and email campaigns. In addition, educational campaigns around the elections, dissolution of a parliament and establishment of a parliament were developed to better inform the public and to flight during the quiet period during the election campaigning process. These campaigns were very successful and were widely shared on our respective social media platforms. The initiation of a weekly motivational email to staff and Members has also received positive feedback.

### **Financial management**

The annual financial statements have, for a fourth time, been prepared in accordance with the standards of Generally Recognised Accounting Practices (GRAP), as prescribed in section 56(1) of the FMPPLA. The 2018/19 AFS was also the first set of AFS drafted, utilising source information from the new SAGE X3 ERP system.

During the prior three financial years, WCPP had received clean audit opinions for all GRAP sets of AFS (as prescribed in section 56(1) of the FMPPLA), whereby these AFS were manually converted to ensure compliance to this requirement, prior to the implementation of the new SAGE X3 ERP system

### **Human Resources**

The WCPP went live on the Sage X3 system in April 2018. The Human Resources Section ran successful salary payments for all 12 months of the financial year. The WCPP implemented electronic access to salary advices and introduced the self-service portal for leave and expense claims. In terms of digitisation of HR Processes, there were however delays in terms of the electronic use of performance management, training and disciplinary information on the new system due to the breakdown in relationship with the implementation partner.

The Functional Enhancement project continued through 2018 with extensive discussions and scrutiny on the remuneration comparative study, the structure following the 2(c) design principles, the information technology proposals and the decision making structures. A revised organisational structure was approved in November 2018 and planning for the implementation of the structure commenced.

The WCPP's revised employee wellness programme took off after some delays due to the launch of X3 and the functional enhancement project. The EWP included a highly successful Health Day and some meaningful themed sessions linked to the values of the WCPP. The sessions on mental health and real relationships were particularly valuable. The WCPP provided study assistance to 8 employees during the past financial year. In terms of training, some key skills development programmes included Research Training, Training for Office Administrators, Microsoft Certified Courses and King IV. The WCPP, in this financial year, aimed at establishing quality assurance mechanisms.

### **Information and communications technology**

#### ***Enterprise Resource Planning (ERP)***

During 2018/2019, the system remained a key contributor to operational efficiency and effectiveness. Major strides were made to stabilise the system by conducting reviews in key functional areas to ensure business alignment and system integrity. These were conducted while the WCPP was preparing for the optimisation phase in support of the digital transformation strategy.

#### ***ICT infrastructure***

While ERP stabilisation was centre stage and consumed significant ICT hours, in collaboration with other sections, the ICT infrastructure received significant attention to support all critical systems. A cabling refresh project was successfully completed for stability of the network, including an upgrade of network switch infrastructure to facilitate robust data transfer for all business applications. The wireless network were assessed, however the Tender failed due to Vendor compliance issues and contingencies were put in place until the process was completed successfully.

ICT implemented the live streaming of chamber sittings and SOPA was available to the public in real-time on YouTube, including readiness for the opening of the sixth parliament.

Email services were optimised to improve response time and storage capacity.

#### ***Business Continuity & Disaster Recovery***

All systems were enabled for disaster recovery and a business continuity assessment was done to gauge if critical services could be accessed without constraints from a remote location. The Breede Valley and Winelands municipalities were assessed and identified to be suitable in terms of ICT infrastructure to facilitate a Major disaster and failover event.

#### ***Cyber security***

A successful penetration test and vulnerability assessment was conducted to see how exposed WCPP was to cyber criminals. Remedial actions were completed to close potential weaknesses. A second firewall was deployed to improve our armour with respect to exposure to the outside world. Internal measures were put in place to mitigate risk end users may pose to the systems as a result of browsing the internet by improving proxy server solution. Further investigations were conducted into mitigating the risks that internal stakeholders may pose to the institution and prevent cyber security breaches, due to a lack of end user awareness of cyber risks.

#### ***ICT support***

Service delivery to Members and staff continued as the ICT section ensured that logged calls were resolved within the Service Level Agreement timelines.

## **Security and Facilities Management**

### ***Accommodation***

The WCPP's accommodation challenges are well documented and remained a discussion point in 2018. One of the recommendations from the Rules Committee was for WCPP to acquire the 3<sup>rd</sup> floor from Provincial Treasury. The request for the acquisition of the 3<sup>rd</sup> floor, 7 Wale Street was formally placed on the 2018/2019 U-AMP.

Further discussions were held with the Head of DTPW and Head of Treasury in relation to above. The accommodation challenges will increase as the staff complement of WCPP will increase from 109 to 118 full time employees.

### ***Security***

The support provided by the Department of Community Safety at public hearings continued in 2018/19

The Department of Community Safety conducted a full threat and risk assessment at the 7 and 15 Wale Street building complex. The report recommends certain structural changes to improve access at the entrance of 7 Wale Street. The roll-out of this will be discussed at the Joint Planning Committee and implemented in the 2019/20 financial year in a phased-in approach, depending on the availability of funding for the project.



### 3.1.5 Annual performance

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

##### *Strategic objective performance indicators*

Programme 1: Administration					
Strategic objective performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Establishing mechanisms established year-on-year to monitor mandated functions	<b>Achieved:</b> Proposed Standing Rule before the Rules Committee to standardise the process and procedure for referral and mandatory reporting by departments on quarterly performance information to the Provincial Parliament	1	<b>Achieved:</b> Rules Review finalised and submitted to the Rules Committee on 27 March 2019		
Maintain clean audit outcome on governance and performance issues	<b>Achieved:</b> Clean audit outcome for 2017/18	Clean audit outcome	<b>Achieved:</b> Clean audit outcome for 2018/19		
Clean audit outcome	<b>Achieved:</b> Clean audit outcome for 2017/18	Clean audit outcome	<b>Achieved:</b> Clean audit outcome for 2018/19		
Modernisation and integration of Human Resources Management	<b>Not achieved</b>	Decrease in time spent on transactional activities and reporting	<b>Not achieved</b>	<b>Deviation:</b> 50% of planned target achieved	Decrease in time achieved in transactions like payments but due to technical issues with leave etc could not be achieved

Programme 1: Administration					
Strategic objective performance indicators	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Upward change in the capability maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model	<b>Achieved:</b> 3 – Defined processes	3 – Defined processes	<b>Achieved:</b> 3 – Defined processes in place		
Year on year improvement in effectiveness and efficiency	<b>Achieved:</b> Target of 92% exceeded. Achievement 94%	2% year on year increase in the ratings given by the NKP Commanders external assessment of the WCPP's compliance with the National Key points Act, Act 102 of 1980	<b>Achieved:</b> Target of 94% exceeded. Achievement 96%		

***Performance indicators, planned targets and actual achievements***

**3.1.5.1 Sub-programme: Office of the Speaker**

The purpose of the sub-programme is:

- To render support to the presiding officers in the formulation of the strategic direction of the WCPP administration;
- to render support to the presiding officers in the fulfilment of their functions in terms of the relevant statutory provisions and parliamentary rules;
- to render support to the presiding offices in representing the WCPP and participating in legislative activities both locally and internationally; and
- to render secretarial and office support services to presiding officers.

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PART B: Performance Information

Sub-programme: Office of the Speaker					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage compliance by the Executive Authority with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates	<b>Not achieved:</b> 95% compliance by the Executive Authority with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates	100%	<b>Achieved:</b> 19 out of 19 compliance indicators were fully complied with		
Number of directives approved in terms of oversight, law-making and public participation	<b>Achieved:</b> Proposed Standing Rule before the Rules Committee to standardise the process and procedure for referral and mandatory reporting by departments on quarterly performance information to the Provincial Parliament.  The matter will be engaged with at the first meeting with the Chairpersons of the Standing Committees during the 2018/19 financial year	1	<b>Achieved:</b> Rules Review finalised and submitted to the Rules Committee for adoption on 27 March 2019		

### 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	6508	6499	9	5 238	4 832	406

### 3.1.5.2 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;
- to provide communication and information services.; and
- to facilitate risk management services.

Sub-programme: Office of the Secretary					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Develop an Institutional Strategic Management framework by 31 March 2019	<b>New Performance Indicator</b>	Strategic management Framework Developed	<b>Achieved:</b> Governance Framework Completed on 18 February 2019		
Percentage of planned APP annual targets achieved	<b>Not achieved:</b> 88% of targets were achieved	98%	<b>Not achieved:</b> 84.7% of targets were achieved	<b>Deviation:</b> -13.3% Out of a total of 62 planned annual targets, 50 targets were achieved and 3 were not applicable (not achievable)	Refer to individual sub-programmes for reasons for deviations
Develop a risk management maturity tool to assess the maturity level of the institution	<b>New Performance Indicator</b>	Develop a risk management maturity tool to assess the	<b>Achieved:</b> The bi-annual survey would be used as a tool to		Formalising and providing the second survey report by the 31

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<b>Sub-programme: Office of the Secretary</b>					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
		maturity level of the institution	measure maturity (i.e. integration of ERM)		January 2019 for SMT and ERMCO to decide upon action plans recommended for inclusion into future ERM strategies and plans
Percentage compliance with the reviewed Performance Management Framework for Legal Services	<b>Achieved:</b> 100% compliance with the reviewed Performance Management Framework for Legal Services	80%	<b>Achieved:</b> 93% compliance with the reviewed Performance Management Framework for Legal Services	<b>Deviation:</b> 13% more than planned	
Percentage compliance by the Accounting Officer with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates	<b>Achieved:</b> 100% compliance with legislative obligations and relevant transitional arrangements, in terms of the FMPPLA (Accounting Officer), by required due date	100%	<b>Achieved:</b> 100% compliance with legislative obligations and relevant transitional arrangements, in terms of the FMPPLA (Accounting Officer), by required due date		
<b><u>Strategy to overcome areas of underperformance</u></b>					
Dedicated monitoring and evaluation capacity to be established in 2019/20					

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Sub-programme: Office of the Secretary: Communication and Information					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage year-on-year increase in website statistics in respect of website sessions	<b>Achieved:</b> 17% increase from the previous year's baseline in website statistics in respect of website sessions  Actual: 53 040 website sessions recorded	5% (55 692)	<b>Achieved:</b> 8% increase from the previous year's baseline in website statistics in respect of website sessions  Actual: 57 526 website sessions recorded	<b>Deviation:</b> 3% 1834 more website sessions recorded than planned	Additional social media activity resulted in additional references to content on the website
Percentage year-on-year increase in social media presence and activities	<b>Achieved:</b> 11% increase on the previous year's baseline in social media presence and activities  1 029 Tweets 1 098 Facebook updates	5% (2 233)	<b>Achieved:</b> 15% increase on the previous year's baseline in social media presence and activities  2 453 Tweets and Facebook Updates	<b>Deviation:</b> 10% 220 more social media activities recorded than planned	Additional opportunities for social media activities were identified as the year progressed
Number of year-on-year increases in registry usage by units	<b>Achieved:</b> Increase of 7% in file plan usage by units	7	<b>Achieved:</b> Increase of 9 in registry usage by units	<b>Deviation:</b> 2	Approach to improving compliance was amended to achieve a better result by providing customised awareness sessions as opposed to generic training sessions
Number of protocol training or briefing sessions held	<b>New Performance Indicator</b>	2	<b>Achieved:</b> Two protocol training or briefing sessions held		
Number of records management training sessions held	<b>New Performance Indicator</b>	15	<b>Achieved:</b> Sixteen records management training sessions held	<b>Deviation:</b> 1 more than planned	

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Sub-programme: Office of the Secretary: Library					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Number of library publications produced per year	<b>Achieved:</b> 83 library publications were produced	75	<b>Achieved:</b> 85 library publications were produced	<b>Deviation:</b> 10	10 more library publications were produced than planned as a result of identifying additional opportunities during the course of the year

**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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Secretary	12 575	12 563	12	12 341	11 627	714
Communication and Information	6 071	6 071	-	5 332	5 100	232
Library	1 694	1 691	3	1 610	1 595	15
<b>Total</b>	<b>20 340</b>	<b>20 325</b>	<b>15</b>	<b>19 283</b>	<b>18 322</b>	<b>961</b>

### 3.1.5.3 Sub-programme: Finance

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

<b>Sub-programme: Finance</b>			
<b>Performance indicator</b>	<b>Actual achievement 2017/18</b>	<b>Planned target 2018/19</b>	<b>Actual achievement 2018/19</b>
Number of verifiable annual financial statements submitted by the statutory due date	<b>Achieved:</b> One verifiable annual financial statement submitted by the statutory due date	1	<b>Achieved:</b> One verifiable annual financial statement submitted by the statutory due date
Number of finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date	<b>Achieved:</b> One finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date	1	<b>Achieved:</b> One finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date
Number of verifiable Interim Financial Statements submitted by the required due date	<b>Achieved:</b> Three verifiable interim financial statements submitted by the required due dates	3	<b>Achieved:</b> Three verifiable interim financial statements submitted by the required due dates
Number of meetings held with Programme Managers prior to the adjustments estimates	<b>New Performance indicator</b>	1	<b>Achieved:</b> One meeting held with Programme Managers prior to the adjustments estimates
Number of meetings held with Programme Managers prior to the final budget submission	<b>New Performance indicator</b>	1	<b>Achieved:</b> One meeting held with Programme Managers prior to the final budget submission
Number of quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals	<b>Achieved:</b> Four quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals	4	<b>Achieved:</b> Four quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals
Percentage of payments processed to creditors within 30 calendar days of receipt of invoice or resolution of dispute	<b>Achieved:</b> 99,74% of payments were processed to creditors within 30 calendar days of receipt of invoice 6 payments out of a total of 2 291 payments were not processed within 30 days	99%	<b>Achieved:</b> 99,9% of payments were processed to creditors within 30 calendar days of receipt of invoice

#### **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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 073	4 069	4	3 959	3 871	88

**3.1.5.4 Sub-programme: Supply Chain Management**

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

Sub-programme: Supply Chain Management					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage of assets reconciling to the Asset Register	<b>Not achieved:</b> 94,68% of assets reconciled with the asset register	100%	<b>Not achieved:</b> 89% of assets reconciled with the asset register	<b>Deviation:</b> -11%	Completed 25 April 2019
Percentage compliance with service delivery standard, as amended, taking GRAP into consideration	<b>Not achieved:</b> 74,72% compliance with service-delivery standards	85%	<b>Achieved:</b> 96% compliance with service-delivery standards	<b>Deviation:</b> 11% more than planned	
Percentage compliance with the Supply Chain Management Manual Checklist	<b>Achieved:</b> 100% compliance with the Supply Chain Management Manual Checklist	100%	<b>Achieved:</b> 100% compliance with the Supply Chain Management Manual Checklist		
<b><u>Strategy to overcome areas of underperformance</u></b> Percentage of assets reconciling to the Asset Register – completed 25 April 2019.					

**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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 977	4 973	4	4 770	4 815	(45)

**3.1.5.5 Sub-programme: Internal Control**

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

Sub-programme: Internal Control			
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19
Number of progress reports against the Financial Management Improvement Plan	<b>Achieved:</b> Two progress reports against the Financial Management Improvement Plan	2	<b>Achieved:</b> Two progress reports against the Financial Management Improvement Plan
Number of Inspection reports issued identifying control gaps in processes	<b>Achieved:</b> Three inspection reports issued identifying control gaps in processes	3	<b>Achieved:</b> Three inspection reports issued identifying control gaps in processes
Number of follow-up inspection reports reflecting progress on implementation of recommendations	<b>Achieved:</b> Three follow-up inspection reports reflecting progress on implementation of recommendations	3	<b>Achieved:</b> Three follow-up inspection reports reflecting progress on implementation of recommendations
Percentage of payment vouchers subjected to post-audit	<b>Achieved:</b> 100% of payment vouchers subjected to post-audit  A total of 2 450 payment vouchers were subjected to post-audit	100%	<b>Achieved:</b> 100% of payment vouchers 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 803	4 801	2	4 180	4 464	(284)

### 3.1.5.6 Sub-programme: Human Resources

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

Sub-programme: Human Resources					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Number of formal training focused on identified skills gaps and structure	<b>Achieved:</b> Seven formal training focused on identified skills gaps and structure were held.  These were the seven sessions of Project GROW that were all completed	15	<b>Achieved:</b> Eighteen formal training focused on identified skills gaps and structure were held.	<b>Deviation:</b> 3 more than planned	
Number of positive quality assurance return forms	<b>Not achieved</b>	82	<b>Not achieved:</b> 38	<b>Deviation:</b> -44	Lack of submission of completed forms
Number of training sessions on the ERP system facilitated	<b>Achieved:</b> Five training sessions on the ERP system were facilitated	3	<b>Achieved:</b> Fifteen training sessions on the ERP system were facilitated	<b>Deviation:</b> 12 more than planned	Training for portal users
Number of approved reports on Functional Enhancement implemented	<b>New Performance Indicator</b>	1	<b>Achieved:</b> One approved report on Functional Enhancement implemented		
Number of Human Resources information sessions aimed at adding value to the institution and its employees facilitated	<b>Achieved:</b> Five information sessions aimed at adding value to the institution and its employees were facilitated	4	<b>Not achieved:</b> Three information sessions aimed at adding value to the institution and its employees were facilitated	<b>Deviation:</b> -1	
Number of labour relations training and awareness sessions aimed at adding value to the institution and its employees facilitated	<b>New Performance Indicator</b>	2	<b>Not achieved</b>	<b>Deviation:</b> Due to operational requirements the training was postponed	The training was rescheduled to the 1 <sup>st</sup> quarter of the new financial year

**Strategy to address underperformance**

**Number of positive quality assurance return forms** – mechanism to be put in place to ensure completion of forms

**Number of Human Resources information sessions aimed at adding value to the institution and its employees facilitated-**

*Non achievement was due to other projects being prioritised. These projects have been concluded and targets will be implemented as planned.*

**Number of Human Resources information sessions aimed at adding value to the institution and its employees facilitated** - *Non achievement was due to other projects being prioritised. These projects have been concluded and targets will be implemented as planned.*

**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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	7 125	7 125	-	7 840	6 420	1 420

**3.1.5.7 Sub-programme: Information and Communication Technology**

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

Sub-programme: Information and Communication Technology					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage year-on-year improvement of service support delivered against service level agreement (SLA)	<b>Achieved:</b> 15% year-on-year improvement of service delivery standards against service level agreement (SLA) Numerator: 1 452 calls logged, responded to and resolved within SLA. Denominator: 1 997 calls logged	5% baseline of 66.15%= 69.45%	<b>Achieved:</b> 79.32%		

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Sub-programme: Information and Communication Technology					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Implement and operationalise disaster recovery	<b>Achieved:</b> Disaster recovery implemented and operationalised for ERP and planned for non-ERP systems. Disaster recovery for ERP procedures documented and approved. Training of ICT staff completed, tests done and signed off. Disaster recovery for ERP was implemented and disaster recovery tests were conducted prior to go-live. Budget and plans were completed and procurement of equipment started	Operationalised and implemented non-ERP systems	<b>Achieved</b>		
Phased implementation of ERP	<b>Not achieved:</b> 98% completion  Phase 3: Achieved Milestones 3, 4, 5 and 6	Phase 4: implemented. ERP stabilised and optimised post go live	<b>Not achieved:</b> 80% completion	<b>Deviation:</b> -20%	The system is stabilised but not optimised
Procurement and configuration of technology packages for new Members	<b>New Performance Indicator</b>	100% procured and configured	<b>Not achieved</b>	<b>Deviation:</b> Procurement challenges	Procurement finalised in quarter 1 of 2019/20. Will be configured

<b>Sub-programme: Information and Communication Technology</b>					
<b>Performance indicator</b>	<b>Actual achievement 2017/18</b>	<b>Planned target 2018/19</b>	<b>Actual achievement 2018/19</b>	<b>Deviation from planned target to actual achievement for 2018/19</b>	<b>Comment on or reasons for deviations</b>
					with end user details on receipt, but will be delivered pre-configured with the supplied WCPP software image, by the vendor
Percentage availability of all IT infrastructure services	<b>Achieved:</b> 99,13% of all IT infrastructure services were available	95%	<b>Achieved:</b> 95% of all IT infrastructure services were available		
<b><u>Strategy to overcome areas of underperformance</u></b>					
Phased implementation of ERP – Optimisation planned for 2019/20					
Procurement and configuration of technology packages for new Members – procurement to be finalised in April 2019.					

***Changes to planned targets***

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

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*Sub-programme expenditure*

Information Communication Technology	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	11 746	10 316	1 430	15 061	12 176	2 885

### 3.1.5.8 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.

Sub-programme: Security and Facilities Management					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980)	<b>Achieved:</b> 94% compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980)	94%	<b>Achieved:</b> 96% compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980)	<b>Deviation:</b> 2% more than planned	.
Percentage security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits	<b>Achieved:</b> 94% security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits	80%	<b>Achieved:</b> 89% security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits (34 out of 38 Public Hearings covered)	<b>Deviation:</b> 9% more than planned	
Register the WCPP's accommodation requirements on U-AMP by the specified due date	<b>Achieved:</b> WCPP's accommodation requirements were submitted on the U-AMP by 30 June 2017	Register the WCPP's accommodation requirements on U-AMP by the specified due date	<b>Achieved:</b> WCPP's accommodation requirements were submitted on the U-AMP by the specified due date		

Sub-programme: Security and Facilities Management					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Number of planned evacuation exercises completed	<b>Achieved:</b> One planned evacuation exercise was completed	1	<b>Achieved:</b> One planned evacuation exercise was completed		
Percentage verification and processing of visitors in the VMS system	<b>New Performance Indicator</b>	100%	<b>Achieved:</b> 100% percentage verification and processing of visitors in the VMS system		
Number of contact sessions with the Department of Transport and Public Works in respect of the management of the service level agreement	<b>Achieved:</b> Eight contact sessions with the Department of Transport and Public Works in respect of the management of the service level agreement were held	8	<b>Achieved:</b> Eight contact sessions with the Department of Transport and Public Works in respect of the management of the service level agreement were held		

### 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	5 581	5 138	443	4 491	4 305	186

## 3.2 Programme 2: Facilities and Benefits to Members and Political Parties

### 3.2.1 Purpose

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



### 3.2.2 Key functions

- Payment of membership fees to parliamentary and related associations;
- State contributions to the medical aid of continuation Members;
- 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;
- Management of the payment of constituency allowances to enable political parties represented in the WCPP to establish and maintain their own administrative infrastructure in the precincts of the WCPP; and
- Management of the payment of conditional allowances to enable Members to arrange programmes in their constituencies in the interests of oversight, law-making and public participation in the WCPP.

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

Strategic outcome-orientated 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		

### 3.2.4 Summary of achievements

During the reporting period five Members registered for the post-graduate programme in governance and leadership at the University of the Witwatersrand of which one Member graduated after completion. Four Members attended the Integrity and Ethical Business Conduct Seminar hosted by Thuli Madonsela. One Member attended the King VI for training. One Member attended the CPA Fundamentals Programme on Parliamentary Practice and Procedures at the University of Witwatersrand. One Member completed an ESI isiXhosa course.

### 3.2.5 Annual Performance

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

#### *Strategic objective performance indicators*

Programme 2: Facilities and Benefits for Members and Political Parties					
Strategic objective performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Digitising and modernising Members' Affairs Services	<b>Not achieved:</b> (implementing ERP)	Self Service and enhanced mobility	<b>Not achieved</b>	<b>Deviation:</b> 90%	Members were set up as users on the Self Service Portal and training was scheduled for them. More change management is required for full utilisation

**Performance indicators, planned targets and actual achievements**

**3.2.5.1 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
- Enabling allowances to compensate Members for expenses relating to official travel, accommodation and telecommunication.

<b>Sub-programme: Facilities and Benefits for Members</b>					
<b>Performance indicator</b>	<b>Actual achievement 2017/18</b>	<b>Planned target 2018/19</b>	<b>Actual achievement 2018/19</b>	<b>Deviation from planned target to actual achievement for 2018/19</b>	<b>Comment on or reasons for deviations</b>
Percentage implementation of scheduled training programmes per year for Members	<b>Achieved:</b> 100% implementation of scheduled training programmes per year for Members	80%	<b>Achieved:</b> 100% implementation of scheduled training programmes per year for Members	<b>Deviation:</b> 20% more than planned target	
Percentage of claims (submitted electronically, complying with the requirements of the Members' Facility Guide) processed	<b>Achieved:</b> However, no electronic claims were received for the period under review	100%	<b>Not applicable</b>		No electronic claims received

**Changes to planned targets**

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

**Sub-programme expenditure**

<b>Facilities and Benefits for Members</b>	<b>2018/19</b>			<b>2017/18</b>		
	<b>Final appropriation</b>	<b>Actual expenditure</b>	<b>(Over) or under expenditure</b>	<b>Final appropriation</b>	<b>Actual expenditure</b>	<b>(Over) or under expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Total	8 327	6 757	1 570	7 680	6 341	1 339

**3.2.5.2 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 in their constituencies in the interest of oversight, law-making and public participation in the WCPP.

Sub-programme: Political Parties Support Services					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Number of working days to process transfer payments after receipt of required documents according to the Members' Guide	<b>Achieved:</b> Transfer payments processed within 7 working days after receipt of required documents according to the Members' Facilities Guide	7	<b>Achieved:</b> Transfer payments processed within 7 working days after receipt of required documents according to 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	42 444	40 753	1 691	40 185	40 185	-

### **3.3 Programme 3: Parliamentary Services**

#### **3.3.1 Purpose**

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

#### **3.3.2 Key functions**

- Provide effective procedural and related support to the House and committees to enable oversight over the provincial executive authority and to ensure accountability.
- Provide public education programmes and administrative support to facilitate public involvement in the legislative and other processes of the WCPP.

### 3.3.3 Strategic outcome-orientated goals; sub-programmes, 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		

### 3.3.4 Summary of achievements

#### Plenary Support

During the period under review, the House met for 29 plenaries, which represented 82 hours and 15 minutes of debating and deliberations. The administration provided seamless support, which included 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 244 House Papers; and the preparation of 29 procedural guides for presiding officers. All the output of procedural support was quality-assured by management.

With regard to procedural advice, a total of 147 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 283 resolutions during the period under review. Also, during this period, a total of six bills were introduced in the Provincial Parliament and six were finalised and passed into law.

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	40
Questions for oral reply processed	174
Questions for written reply processed	170
Speaker's Debates	2
Opportunities for questions to the Premier without notice	8
Subjects for discussion put through debate	10
Matters of urgent public importance debated	0
Minutes of Proceedings	29
Published Announcements, Tablings and Committee Reports (ATCs)	114
Extraordinary Gazettes published	7

### Rules review

The Rules Committee appointed an ad-hoc Committee, led by the Deputy Speaker, to deal with the review of Rules. The ad-hoc committee was supported by the parliamentary administration. The ad-hoc committee met ten times during the period under review. The Rules review process was finalised on 20 March 2019 and the amended Rules was adopted by the House on 28 March 2019.

### Committee support

Parliamentary committees were provided with the necessary logistical and procedural support that enabled the committees to achieve their planned oversight and legislative related activities as per their respective committee programmes and in line with the Standard Operating Procedures and Guidelines of the Section. Committees were thus able to deliberate and report successfully on the departmental quarterly and annual reports, the oversight visits, on other oversight activities and on the Western Cape Appropriation and Adjustments Appropriation Bills, including other legislation.

The committees provided for substantive public involvement opportunities in the consideration of their respective committee programme activities, especially relating to the legislative process and related public hearings.

The below table indicates a description of activities achieved by the committees for the 2018/19 financial year, which excludes the following committees: Rules Committee, Conduct Committee and Disciplinary Committees:

Number of Committee Activities	Total
Committee activities held	312
Public hearings held	99
Oversight visits undertaken	16
Provincial Bills considered	6
NCOP Bills considered	17

### Research Unit

Research support was provided as a tool for members of parliamentary committees as a support to assist them with their oversight over the provincial executive authority and its respective provincial departments and entities. Relating to the respective types of research services, a total of 39 research reports were produced during the reporting period, comprising of 13 reactive and 26 cyclical research reports.

The Research Unit, together with the Human Resources Section, co-ordinated a successful customised research training course which enhanced the skills and abilities of research staff relating to the improvement of quality of cyclical research output.

### Public Education and Outreach

As regards Public Education and Outreach, the WCPP has continued to promote opportunities for the public to have access to and involvement in its law-making and oversight processes. This is done through engagement in pre-hearings, legislative education initiatives and involvement in actual hearings. The WCPP will continue to be responsive to other public outreach initiatives coordinated by the legislative sector, including sectoral parliaments and commemorative events.

The Strategic Focus for Public Education and Outreach in the WCPP will shift from Education to Engagement. In establishing the Strategic Plan for the next 5 years, the strategic objectives will be aligned to that goal.

Public Education Activity	Total
Number of legislative education workshops conducted and information sessions to support other events	71
Number of public hearings supported and petitions education workshops conducted	5
CWP Programmes Conducted: No programs under the CWP banner were conducted/hosted, however a total of two 16 Days of Activism programs were conducted.	2
Number of Commemorative Events: Youth Day, Human Rights Day, Women’s Day, Mandela Day programs	9

### Hansard and Language Services

The programme reported the following significant achievements for the reporting period:

Hansard services for this period included the recording, transcription and publication of the unrevised and final revised record of proceedings of all 29 sittings of the House within the stipulated time frames and in accordance with the SLA. A total of nine Hansard books were completed and published in this period.

The Language Services Section, of the total of 225 House Papers published 224 were fully translated to be available in all three official languages. Interpreting services were provided for the 277 House sittings and confirmed committee meetings combined. To facilitate improvement in the quality and standardisation of language use, the following documents were updated:

- Bilingual list of national acts;
- Bilingual terminology list;
- Style guides for Afrikaans and English; and
- Trilingual list of provincial acts.

### 3.3.5 Annual performance

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

##### *Strategic objective performance indicators*

Programme 3: Parliamentary Services					
Strategic objective performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Year on year percentage compliance to standard operating procedure (SOP) for Plenary and Committee procedural and related support for all programmed sittings and committee meetings	<b>Not Achieved</b> 83% year on year compliance with SOPs for Plenary and Committees. 100% in respect of Plenary and Committee support; and 50% in respect of Hansard and Language Services	99%  <b>Plenary Support</b> 100%  <b>Committee Support</b> 99%  <b>Hansard and Language Services</b> 99%	<b>Achieved:</b> 100% in respect of Plenary Support <b>Not achieved:</b> 96% in respect of Committee Support <b>Achieved:</b> 100% in respect of Hansard and Language Services	<b>Deviation:</b> Committee Support had a deviation of one research report that was not submitted to the research requestor by the agreed due date	One requested research report was not submitted to the research requestor by the agreed due dates. This has since been completed
Number of year on year increases in the planned education initiatives to improve public participation in the legislative and other processors of the Legislature	<b>Achieved:</b> 70 education initiatives rolled out in accordance with the annual programme	72	<b>Achieved:</b> 72		

##### *Performance indicators, planned targets and actual achievements*

#### 3.3.5.1 Sub-programme: Plenary Support

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

Sub-programme: Plenary Support					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage of procedural support	<b>Achieved:</b>	100%	<b>Achieved:</b>		



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Sub-programme: Plenary Support					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
service provided in respect of the standard operating procedure (SOP) on Plenary Support to all plenaries programmed in accordance with approved parliamentary programme	<p>100% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme</p> <p>A total of 229 documents in the form of House Papers, bills, acts and other documents were processed in support of plenaries in line with the requirements of the SOP</p>		100% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme		
Percentage of procedural advice provided for Presiding Officers and Members on request	<p><b>Achieved:</b> 100% procedural advice provided to Presiding Officers and Members on request</p> <p>Out of a total of 129 requests and requirements for procedural advisory support by Members and Presiding Officers, all were produced and provided in</p>	100%	<b>Achieved:</b> 100% procedural advice provided for Presiding Officers and Members on request		

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Sub-programme: Plenary Support					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
	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	<b>Not achieved</b>	15	<b>Achieved:</b> Fifteen working days taken after a sitting to communicate House resolutions to third parties in accordance with the approved 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 585	3 584	1	3 046	2 892	154

### 3.3.5.2 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.

Sub-programme: Committee Support					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Percentage of committee support provided in accordance with the approved standard operating procedure (SOP) for committees to all programmed committee meetings in accordance with approved parliamentary programme	<p><b>Achieved:</b> 100% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings according to the approved programme</p> <p>Out of a total of 103 reports processed in this period, 103 were processed in accordance with the SOP requirements</p>	98%	<p><b>Achieved:</b> 100% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings in accordance with approved programme</p>	<p><b>Deviation:</b> 2% more than planned</p>	
Percentage of requested research services provided in accordance with the SOP to committees, senior management and presiding officers	<p><b>Achieved:</b> 100% of requested research services provided in accordance with the approved SOP for committees</p> <p>Out of a total of 9 research requests received, all 9 were completed</p>	100%	<p><b>Not achieved:</b> 92.31% of requested research services provided in accordance with the approved SOP for committees</p>	<p><b>Deviation:</b> -7.7%</p>	One requested research report was not submitted to the research requestor by the agreed due dates. This has since been completed

Sub-programme: Committee Support					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
	and submitted according to the SOP requirements				

### 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	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	16 329	16 329	-	14 163	14 044	119

### 3.3.5.3 Sub-programme: Public Education and Outreach

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

Sub-programme: Public Education and Outreach					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Annual education programme on the law-making, oversight, public participation and petitions processes developed by 28 February 2019	<b>Achieved:</b> Annual education programme on the law-making, oversight, public participation and petitions processes developed by 28 February 2018	Annual education programme developed 2019/20	<b>Achieved:</b> Annual education programme on the law-making, oversight, public participation and petitions processes developed		

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PART B: Performance Information

Sub-programme: Public Education and Outreach					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
Number of education initiatives rolled out in accordance with the annual programme	<b>Achieved:</b> 70 education initiatives rolled out in accordance with the annual programme	72	<b>Achieved:</b> 72 education initiatives rolled out in accordance with the annual programme		
Conduct baseline study for Public participation and related matters	<b>New performance indicator</b>	Baseline Study conducted and report	<b>Not achieved</b>	<b>Deviation:</b> Due to time constraints the baseline study could not be conducted	To be conducted by the 6 <sup>th</sup> Parliament
Number of new education items developed.	<b>Achieved:</b> Two new items of education material developed: <ul style="list-style-type: none"> <li>• Rights and responsibilities poster; and</li> <li>• Human Rights Day information sheet</li> </ul>	2	<b>Achieved:</b> Two new education items developed		
Percentage of petitions processed in accordance with the relevant legislation	<b>Achieved:</b> Three petitions received and administered. Petitions forwarded to the relevant Standing Committee	100%	<b>Achieved:</b> 100% of petitions processed in accordance with the relevant legislation		1 petition 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**

Public Education and Outreach	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 754	3 427	327	4 071	4 228	(157)

### 3.3.5.4 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.

#### **Changes to planned targets**

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

#### **Sub-programme expenditure**

<b>Sub-programme: Hansard and Language Services</b>					
<b>Performance indicator</b>	<b>Actual achievement 2017/18</b>	<b>Planned target 2018/19</b>	<b>Actual achievement 2018/19</b>	<b>Deviation from planned target to actual achievement for 2018/19</b>	<b>Comment on or reasons for deviations</b>
Percentage of recommendations arising from the external quality assessment of interpreting services that have been accepted and implemented	<b>Not achieved</b>	97%	<b>Not applicable</b>		The external assessment was conducted outside of the reporting period, therefore no new recommendations could be implemented
Percentage of recommendations arising from the external quality assessment of translation services accepted for implementation	<b>Not achieved</b>	97%	<b>Not applicable</b>		The external assessment was conducted, however, no new recommendations could be implemented
Percentage availability of official House Papers in all three official languages of the Province	<b>Achieved:</b> 100% availability of official House Papers in all three official languages of the Province.  Of the total of 230 House Papers published in this period, 230 have been fully translated into the three official languages and made available on publication of the original source document	98%	<b>Achieved:</b> 99.5% availability of official House Papers in all three official languages of the Province.  Of the total of 225 House Papers published in this period, 224 have been fully translated into the three official languages and	<b>Deviation:</b> 1.5% More than planned	The Premier's State of the Province Address could not be translated into the three official languages of the Western Cape within one working day

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PART B: Performance Information

Sub-programme: Hansard and Language Services					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on or reasons for deviations
			made available on publication of the original source document		
Percentage availability of interpreting services for the House and committees where confirmed	<b>Achieved:</b> 100% availability of interpreting services for the House and committees when required  Of the total of 228 meetings for this period, all were provided with interpreting services	100%	<b>Achieved:</b> 100% availability of interpreting services for the House and committees where confirmed		
Number of contact meetings held with the service provider to ensure that Hansard services provided are in accordance with service level agreement and that deviations are addressed	<b>Achieved:</b> 12 contact meetings held with service provider, ensuring that services provided were in line with the service level agreement according to timelines and specifications (that is recording of House sittings, transcription and publication of proceedings, and the production and publication of Hansard books)	12	<b>Achieved:</b> 12 contact meetings held with the service provider to ensure that Hansard services provided are in accordance with service level agreement and that deviations are addressed		

Hansard and Language Services	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 282	4 280	2	3 748	3 641	107

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART C GOVERNANCE







Members of the Student Representative Councils of five False Bay College campuses - Khayelitsha, Fish Hoek, Westlake, Mitchells Plain and Muizenberg - attended an educational workshop at the WCPP on 16 April



Speaker Sharna Fernandez hosted an Integrity and Ethics Dialogue on 21 July. Keynote speakers on the programme included Social Justice Chair at Stellenbosch University and former Public Protector Prof Thuli Madonsela, and Integrity Specialist Charissa Bloomberg

## INTRODUCTION

The WCPP recognises that proper risk management and effective internal controls are essential for effective governance and good management. Therefore, 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) for the 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), 2009 as amended by Act No.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 further embed risk management within the institution, the WCPP has adopted an Enterprise Risk Management (ERM) Policy which was reviewed and approved 20 March 2018 and sets out the institutions overall intention with regard to ERM. The WCPP has adopted an ERM Strategy and an ERM Implementation Plan, which is reviewed annually and was approved by the AO on 20 March 2018. 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 the risks that could have an impact on the achievement of its objectives, both at a strategic, operational and project risk level, on a quarterly basis. These risks were prioritised based on its likelihood and impact (inherently and residually) on the objectives. Additional to the aforementioned, new/emerging risks were identified during the quarterly review processes. The further embedding of risk appetite and tolerance levels, which 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 considered outside the desired tolerance levels.

The WCPP has an established Enterprise Risk Management Committee (ERMCO) to assist the AO 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 AO on 26 March 2018. The ERMCO meets on a quarterly basis and deliberated those strategic, operational and project risks that were outside the desired tolerance levels and recommended further actions to risk owners to reduce the risks 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. 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/responses to mitigate the risks 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 concept of risk and uncertainty. Based on the application of the ERM Strategy and Plan over the past financial year, the institutions control and performance environment has matured and improved. The WCPP recognises that the optimisation and integration of risk management in our environment is critical, to enhance institutional improvement and to consistently

meet the institutional objectives within the current and projected constrained fiscal environment facing state organs.

### **3. FRAUD AND CORRUPTION**

The WCPP's Fraud Prevention Policy 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. The Fraud Prevention Policy was distributed to all staff and made available on the document management system.

Fraud risk assessments were conducted to identify fraud risks, and reviews of existing fraud risks were conducted on a quarterly basis. The fraud risk identified were oversighted quarterly by the ERMCO. Fraud awareness sessions were held with staff detailing the concept of the ethic management, the behavioural outcomes of poor ethics management: i.e. fraud and corruption and the internal and external reporting processes of the WCPP and the protected disclosure procedures. Internal newsletter was used to inform and educate staff on fraud and corruption prevention.

Fraud Health check survey was completed by staff members in the third quarter of the 2018/19 financial year. As with the previous financial year, this assisted in gaining a high level understanding of the extent of employee awareness of fraud control. The results were used to inform the Fraud Prevention Strategy, and Implementation Plan for the 2019/20 financial year which was approved on 26 March 2019.

### **4. MINIMISING CONFLICT OF INTEREST**

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

### **5. CODE OF CONDUCT**

#### **5.1 Members**

##### ***Meetings***

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

##### ***Disclosure of Members' interests***

The closing date for the disclosure of Members' interests for the 2018/19 period was 30 April 2019. Eight members failed to submit properly completed forms by the due date.

##### ***Advice to Members on the Code of Conduct***

The Registrar provided advice and assistance to 2 Members on the proper completion of their disclosure forms.

##### ***Access to the public part of the disclosure forms***

There were no requests for access to the public part of the disclosure forms.

##### ***Complaints***

During the period under review, no new breaches of the Code were investigated by the Registrar. Two complaints were received that fell outside the jurisdiction of the Registrar to investigate.

## **5.2 Supply Chain Management**

Supply Chain Management practitioners have completed a Declaration of Interest for the year under review.

## **6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

### ***Health and Safety Committee***

The WCPP has an established Occupational Health and Safety Committee (OHS Committee) for the Legislature. The Committee is chaired by the Manager: Security and Facilities and three floor marshals are appointed to service the floors occupied by the WCPP at the Legislature building.

The committee met on the following dates:

- 28 June 2018;
- 19 September 2018;
- 12 December 2018; and
- 07 March 2019

Additional to the above, the OHS Committee held a special meeting on the 6 August 2018, to update the Master Contingency Plan of the WCPP. The committee was also instrumental in the planning of the fire drill.

### ***Removal of Blue Asbestos***

The project to remove the blue asbestos in the Chamber started on 01 December 2018, and was successfully completed on the 6 January 2019. The service provider appointed by the Department of Transport and Public Works (DTPW), confirmed that all test results received had been below the Occupational Exposure Limit (OEL). The area was declared safe for working activity by the Authorised Inspection Authority (AIA).

### ***Water Crisis Business Continuity Planning (BCP)***

A task team led by the Manager: Security and Facilities, conducted a BCP simulation test at the alternate site at the Cape Winelands District Municipality facility, in Worcester on the 5 December 2018. The test was successful, in relation to determining the infrastructure and logistics capability of the water contingency plan.

### ***Security evaluation for the national key point (NKP)***

A security evaluation was conducted on 1 October 2018. The NKP achieved an overall score of 96% for the 2018 calendar year.

### ***Evacuation***

The WCPP is responsible to co-ordinate an annual evacuation drill in terms of the National Key Point year calendar. A pre-planning meeting was held on the 11 December 2018 and the evacuation drill was conducted on the 12 December 2018.

The debriefing report from various role-players identified deficiencies in certain aspects of the evacuation drill. These deficiencies, related to general household matters such as, poor lightning in the escape routes, general neatness of the escape routes and inadequate roll-call practices etc. Further training of occupational health and safety floor and fire marshals, are earmarked for the financial year 2019/20.

## 7. RULES COMMITTEE

The Rules Committee met twice during the year under review namely; 3 October 2018 and 30 March 2019. The Rules Committee also received reports from its subcommittee, the Internal Arrangements and Rules Subcommittee.

### ***Functional Enhancements and the Remuneration Study Report***

The Rules Committee was briefed on the status and progress on 3 October 2018 on the Functional Enhancement Project and Remuneration Study Report.

### ***Rules review***

The Rules Committee resolved on 1 September 2017 to appoint a subcommittee to undertake the task of reviewing the Rules of the House. The Subcommittee interpreted its brief as one of reviewing the existing Rules to ensure that it conforms to law and practices of the House and to streamline practices rather than writing a set of Rules *de novo*. The Subcommittee met on 9 occasions. The Subcommittee, cognisant of the fact that the Rules of the House must never be regarded as cast in stone and final but rather as a dynamic set of Rules which could be amended in future should the need be to change. The Draft Rules was submitted to the Rules Committee on 20 March 2019 for consideration and adopted in the House on 28 March 2019.

## 8. PARLIAMENTARY OVERSIGHT COMMITTEE (POC)

The Parliamentary Oversight Committee conducted oversight over the WCPP during the 2018/19 financial year.

Oversight over the financial year mainly included the following matters:

- The quarterly performance of the WCPP;
- The financial reports of the WCPP; and
- The Annual Report of WCPP for the 2017/18 financial year.

### **8.1 The report of the POC on the 2017/18 annual report is printed below:**

#### **REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT FOR THE YEAR ENDED 31 MARCH 2018.**

##### **1. Introduction**

The Annual Report of the Western Cape Provincial Parliament (WCPP) was tabled for the 2017/18 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act [Act No.10 of 2009], (FMPPLA) and referred to the Parliamentary Oversight Committee (POC) on Monday, 1 October 2018 (refer to "ATC 71-2018"). The Annual Report of WCPP serves to provide a record of the activities and performance of the administration of WCPP and to promote accountability for decisions made during the financial year under review. The performance of WCPP is measured against the performance targets and budget outlined in the WCPP Strategic Plan 2015/16 - 2019/20, including the Annual Performance Plan of WCPP for the 2017/18 financial year.

The purpose of 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 Annual Report of the WCPP to maintain oversight of the financial management of the WCPP for the financial year in question. In addition to regulating the financial management of the WCPP, the FMPPLA mandates the POC to conduct oversight over the performance information, governance and human resource functions of the Institution through its annual reports. Section 4(1)(b) of the FMPPLA provides the Committee with this mandate.

The members of the POC deliberated on the various sections of the Annual Report of the WCPP for the 2017/18 financial year, as follows:

- 1.1. Part A: General Information,
- 1.2. Part B: Performance Information,
- 1.3. Part C: Governance,
- 1.4. Part D: Human Resource Management, and
- 1.5. Part E: Financial Information.

The Annual Report programme for the 2017/18 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

## **2. Overview**

The Committee met on 31 October 2018 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the FMPPLA audit outcomes of the 2017/18 financial year for WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (AC) whose role is to ensure that 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 WCPP.

The methodology of the Committee was to meet with these stakeholders to benefit from their findings and possible concerns with the aim of assisting the Committee to have a constructive oversight engagement with WCPP.

The Committee met with WCPP where after introductory comments were made by the Speaker and the Secretary to the WCPP.

A page by page oversight discussion ensued with the WCPP.

## **3. Audit Opinion**

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2017/18 financial year of the Institution, having obtained a clean audit report. This audit opinion remains unchanged from the 2016/17 financial year.

The AGSA raised no findings with the Institution on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

In addition, the AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance

information of parliamentary services. As management subsequently corrected the misstatements, the AGSA did not raise any material findings on the usefulness and reliability of the reported performance information.

#### **4. Financial Management**

The Western Cape Provincial Parliament spent R130,5 million of an appropriated budget of R137,7 million. This resulted in an under-expenditure of R7,1 million (5% underspending). The under-expenditure of R7,1 million occurred under the following programmes:

- Programme 1: Administration (R5,6 million);
- Programme 2: Facilities for Members and Political Parties (R1,3 million); and
- Programme 3: Parliamentary Services (R223 000).

In addition, the Institution's total estimated revenue budget of R60 000 was over-collected by R884 000, which resulted in a departmental receipt of R944 000. The over-collection on revenue occurred under the following line items:

- Sale of goods and services other than capital assets (R62 000);
- Interest, dividends and rent on land (R114 000); and
- Financial Transactions in assets and liabilities (R708 000).

The annual financial statements were prepared in accordance with the standards of the Generally Recognised Accounting Practices (GRAP) Standard, as prescribed in Section 56(1) of the FMPLA.

#### **5. Matters that were highlighted by the AGSA**

5.1. The Committee noted from the comments of the AGSA that:

- 5.1.1. The WCPP received a clean audit, with no findings on laws and regulations, pre-determined objectives, nor deficiencies in its internal control;
- 5.1.2. As disclosed in the Statement of Comparison of Budget and Actual Amounts, and under Note 39 to the financial statements, the WCPP has materially underspent the budget on a comparable basis to the amount of R10,9 million (6%), of which R3,7 million (2%) related to statutory funds which has to be surrendered directly to the revenue fund, as being an underspending of funds appropriated specifically for members' remuneration; and
- 5.1.3. The underspending on the expenditure budget for the 2017/18 financial year was mainly due to the delay in the enterprise resource planning (ERP) project, including the functional enhancement project, which resulted in later than anticipated completion of milestone payments. The funds were rolled-over to the 2018/19 financial year.

#### **6. Emerging Risks**

##### **6.1. New pronouncements**

6.1.1. The Committee notes the inputs of the AGSA that new pronouncements were issued by the Accounting Standard Board which might be considered as emerging risks to the standards of GRAP, as follows:

<b>GRAP pronouncements</b>	<b>Effective date</b>
GRAP 18 - <i>Segment reporting</i>	1 April 2019*
GRAP 20 - Related-party disclosures	1 April 2019*
GRAP 32 - Service concession arrangements: grantor	1 April 2019*
GRAP 34 - Separate financial statements	To be determined
GRAP 35 - Consolidated financial statements	To be determined
GRAP 36 - Investments in associates and joint ventures	To be determined
GRAP 37 - Joint arrangements	To be determined
GRAP 38 - Disclosure of interests in other entities	To be determined
GRAP 105 - Transfer of functions between entities under common control	1 April 2019*
GRAP 106 - Transfer of functions between entities not under common control	1 April 2019*
GRAP 107 - Mergers	1 April 2019*
GRAP 108 - Statutory receivables	1 April 2019*
GRAP 109 - Accounting by principals and agents	1 April 2019*
GRAP 110 - Living and non-living resources	1 April 2020*
IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset	To be determined
IGRAP 18 - Recognition and derecognition of land	1 April 2019
IGRAP 19 - Liabilities to pay levies	1 April 2019

\* These are draft proposed effective dates, as published in Notice 930 of Government Gazette 41287 on 1 December 2017. The final effective dates are still to be gazetted by the Minister of Finance.

## 6.2. New legislation

6.2.1. The Committee notes the emerging risk which relates to the FMPPLA, including that this piece of legislation is being revised which may introduce a number of new requirements and/or regulations once effective. The Committee notes that such a legislative review may affect the audit outcome of the WCPP during the 2018/19 financial year.

## 6.3. Risk that require continuous monitoring by WCPP

6.3.1. The Committee notes the comments by the AGSA that the compliance requirements of local content for commodities within designated sectors are applicable for all tenders. The term tender in terms of the Preferential Procurement Regulations of 2017 is attributed to all awards above R30 000.



## **7. Matters that were highlighted by the Audit Committee**

7.1. The Committee noted from the comments of the Audit Committee that:

7.1.1. The Fraud Prevention Strategy and Implementation Plan for the 2018/2019 financial year has been reviewed and approved in order to build on the foundation laid during the 2017/18 financial year.

7.1.2. The Institution had an implementation of 67% in relation to the implementation of its action plan. This was in response to the Internal Audit Findings that were raised during the 2017/18 financial year.

7.1.3. In addition, the Committee notes that there remains 28 risks which represented an assurance gap.

7.1.4. During the 2017/18 financial year, the Committee undertook the following assurance engagements:

7.1.4.1. Committee Support;

7.1.4.2. Communications;

7.1.4.3. Transfer Payments;

7.1.4.4. Hansard Services;

7.1.4.5. Network User Account Management (ICT Audit Plan); and

7.1.4.6. Data Migration (ICT Audit Plan).

7.1.5. The only key control deficiency that was discovered during the 2017/18 financial year audit process related to Committee Support. The Audit Committee raised a concern which relates to maintaining quality research outcomes by the Research section of WCPP. In addition, a detailed study of the audit findings indicated that further improvement is required in connection with applying policies and procedures and, reporting and communication in this regard.

7.1.6. The following emerging risks were identified, which needs to be monitored by the WCPP, as follows:

7.2.6.1. Draft Legislative Sector Bill and the impact on institutional autonomy;

7.2.6.2. 6<sup>th</sup> Parliamentary term starting in the 2019/20 financial year; and

7.2.6.3. Labour relations risks related to the functional enhancement process.

## **8. Recommendations by the Committee:**

8.1. The Committee RECOMMENDED that the WCPP:

8.1.1. Brief it on the value that was derived, as well as the outcomes that were achieved, when the institution attended the meetings of the Legislative Sector for the 2017/18 financial year.

8.1.2. Develop and implement an advertising strategy policy which relates to the objectives of the Communication and Information Unit, with respect to the broadcasting of all house sittings of WCPP to the public within the Western Cape. This matter emanated from the discussion that the Committee had with the institution on the contents under the heading "Communication and Information", on page 27 of the Annual Report.

## 9. Information requested from WCPP

9.1. The Committee REQUESTED that the Audit Committee, provide the Committee with the following information by 14 December 2018:

9.1.1. A copy of the Audit Charter of the Audit Committee, as regulated in Section 48 (1)(a)(i)(ii)(iii) of the FMPPLA.

9.1.2. A report on the reasons for the implementation rate of 67% in relation to the action plan of WCPP as per the Internal Audit findings. This matter is indicated under Heading 3.6 on page 4 of the Audit Committee's briefing document to the Committee.

9.1.3. A report that provides a breakdown of the 28 risks which represent an assurance gap; as indicated under Heading 3.6 on page 4 of the Audit Committee's briefing document to the Committee.

9.2. The Committee further requested that WCPP provide the Committee with the following information by 14 December 2018:

9.2.1. The Memorandum of Understanding that was concluded between the Speaker of the WCPP and the Provincial Minister of Finance, in relation to Section 17 (1)(a)(b)(c)(d) of the FMPPLA which indicates that the Executive Authority consult with the Minister of Finance on matters pertaining to the budget and adjustments budget of the institution.

9.2.2. A report which highlights the attendance of the WCPP to the Legislative Sector's activities during the 2017/18 financial year, including the outcomes of the attendance to these meetings.

9.2.3. A report by WCPP on the number of foreign travels that was undertaken by the Executive and officials of WCPP during the 2017/18 financial year, including providing the Announcements, Tablings and Committee Reports (ATC) of the reports that were tabled in respect of the foreign travels undertaken.

9.2.4. A copy of the Enterprise Risk Management (ERM) Policy, Strategy and Implementation Plan that was developed by the WCPP, as indicated on page 26 of the Annual Report. The Committee further requests that the WCPP furnish it, subsequent to the ERM documents, with the Risk register of the institution for the 2017/18 financial year.

9.2.8. A copy of the Business Continuity Plan which was developed by the institution to inform its action in order to ensure continued service delivery. The plan contains alternative sites in water-secure municipal areas in order to ensure that sittings of the House and standing committee meetings continue to take place despite the possibility of extended water supply disruptions and water shortages in Cape Town. The matter is highlighted under paragraph 2 on page 27, including paragraph 2 under Note 6 on page 64 of the Annual Report.

9.2.9. A breakdown of the total number of the heritage assets of WCPP, as requested by the Committee when discussing the information which is highlighted under the performance indicator "Percentage assets reconciling to the Asset Register" on page 37, and "Strategy to overcome areas of underperformance" on page 38 of the Annual Report.

9.2.10. A copy of the report that was sent to the Provincial Department of Transport and Public Works which relates to WCPP's accommodation requirements, submitted on the User Asset Management Plan (UAMP) by 30 June 2017, as indicated under performance indicator 3 on page 43 of the Annual Report.

9.2.11. A copy of the 23 research outputs reports that were produced by the Research Unit of WCPP, as indicated on page 50 of the Annual Report.

- 9.2.12. A report which highlights the nature of the legal advices that were rendered by the legal consultants to WCPP during the 2017/18 financial year.
- 9.2.13. A report which highlights the contractors and consultants that were utilised by the WCPP, including providing explanations to the value for money, nature of the work and Broad-Based Black Economic Empowerment level of each respective contractor, in respect of the work that were undertaken during the 2017/18 financial year.
- 9.2.14. A report which provides an indication of the members of the WCPP who have not responded to the letters that were issued by the institution to repay the costs that were incurred due to last-minute cancellations of flights, accommodation and loss of equipment; as indicated under Note 6 "Other debtors" on page 141 of the Annual Report. The report should include the nature of the irregularities and the funds outstanding by members of WCPP to this specific request.
- 9.2.15. A breakdown of the disposals of heritage assets which totalled R204 000; as indicated under Note 12 on page 147 of the Annual Report.

#### **10. Concern raised by the Committee**

The Committee commends the institution on the conclusion of a formal Memorandum of Understanding (MOU) that was signed with the Department of Community Safety during the 2017/18 financial year for rendering security support at public hearings and oversight meetings. A pilot project was launched in October 2017, which was successful. The Department of Community Safety provided support in the form of uniformed security personnel at access points at venues during public hearings. No incidents were reported during the year under review.

However, the Committee raised a concern while reading the aforementioned comments of the WCPP, that there remained a general concern with regard to the overall safety of the members and staff of the institution. The Committee is concerned that, although 7 Wale Street is a national key point, the access points to the building still remain to pose a risk to the overall safety of the members and staff of the WCPP. In response to the concern of the Committee, the Secretary to WCPP indicated that he is in a position to brief the Committee on the safety mechanisms which are in place to address the safety and security concerns of the Committee. Such a request to execute a briefing is at the behest of the Committee.

In addition, the concern of the Committee also extends to the fire safety mechanisms which are employed by the safety and security officers of 7 and 15 Wale Street, including the fire drills that are executed on a regular basis and the control of these activities.

#### **11. Inputs received from the public**

Members of the public were provided an opportunity to pose questions or make oral submissions, based on the contents of the 2017/18 Annual Report of WCPP. However, no members of the public were present to pose questions or to make oral submissions.

#### **12. Conclusion**

The Committee commends the WCPP 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, implementation of the FMMPLA regulation, and outstanding matters that were identified in the aforementioned sections, which contains the Committee’s resolutions and request for information.

### 13. Acknowledgments

The Chairperson expressed the appreciation of the Committee for the inputs of the various role-players, such as the Auditor-General of South Africa and the Audit Committee, to enhance the oversight work of the Committee which relates to the Annual Report of WCPP for the year ending 31 March 2018. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.

### 8.2 Information requested by the POC

The WCPP has submitted all the information requested by the POC in accordance with paragraph 9.1 and 9.2 of the report.

### 8.3 WCPP response to the POC recommendations

The WCPP response to the recommendation in accordance with paragraph 8.1 of the report is as follows:

Recommendations		Response by the WCPP	Resolved Yes/No
8.3.1.1	Brief it on the value that was derived, as well as the outcomes that were achieved, when the institution attended the meetings of the Legislative Sector for the 2017/18 financial year.	The POC was briefed on 26 February 2019.	Yes
8.3.1.2	Develop and implement an advertising strategy policy which relates to the objectives of the Communication and Information Unit, with respect to the broadcasting of all house sittings of WCPP to the public within the Western Cape. This matter emanated from the discussion that the Committee had with the institution on the contents under the heading “Communication and Information”, on page 27 of the Annual Report.	The standard operating procedure SOP for Social Media makes provision for all social media, including advertising, live streaming and institutional information.	No

Furthermore, the following POC recommendations for the Annual Report of the 2016/17 Financial Year, as reported in the 2017/18 Financial Year on the 17 November 2017, is also included as they were either resolved or not resolved in the 2018/19 Financial Year, or there is an ongoing reporting process to the POC, due to the nature of the issue being reported on.

Recommendations		Response by the WCPP	Resolved Yes/No
8.3.2.1	The WCPP and the Audit Committee brief it on the terms of reference of the Audit Committee, as approved by the Cabinet, in supporting the internal audit function of the institution to manage the risks that are identified and placed on the internal risk register, including any major areas for improvement.	The POC was briefed on 15 June 2018.	Yes
8.3.2.2	The WCPP reflects, in all of its future annual performance plans, the donor funds that were received by the WCPP.	The WCPP will reflect donor funding in future annual performance plans.	On-going
8.3.2.3	The Audit Committee briefs it on the physical assurance engagement that was approved and completed in the Internal Audit Plan of the 2016/17 financial year.	The POC was briefed on 15 June 2018.	Yes
8.3.2.4	The Audit Committee briefs it on the identification and completion of the risks that were identified during the 2015/16 and 2016/17 financial years.	The POC was briefed on 15 June 2018.	Yes
8.3.2.5	The Audit Committee briefs it on the Disaster Recovery Plan for the ICT Audit that was noted by Internal Audit during the 2016/17 financial year.	The POC was briefed on 15 June 2018.	Yes
8.3.2.6	The Rules Committee engage with the WCPP on the Oversight and Accountability Policy, as well as the Public Participation Strategy.	Due to time constraints, the matter has been deferred and will be dealt with by the 6 <sup>th</sup> Parliament.	No
8.3.2.7	The WCPP brief the POC, quarterly, on the Enterprise Resource Planning (ERP) project.	The WCPP regularly briefed the POC on the status of the ERP project. The last briefing took place on 26 February 2019.	On-going

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to the audit report during the 2018/19 financial year.

## 10. COMPLIANCE WITH THE 30 DAY PERIOD

During 2018/19, three invoices, to the accumulated value of R 19 304.25 were settled in more than 30 days. 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, remedial steps and additional controls (where needed) were implemented to eliminate the reoccurrence of such cases.

## 11. INTERNAL CONTROL UNIT

The Internal Control Unit focused on identifying control gaps through inspections and assisting in audit preparation through post-auditing all transactional documentation.

The following areas were completed during the year under review:

- Transport Management procedure
- Safe guarding storage areas and keys processes
- X3 Workflow procedures

Follow-up inspections were conducted on the previous year's findings, to ensure progress and implementation where there were management action plans.

The unit also regularly followed up on management action plans stemming from the Auditor-General's findings in the previous year, as well as Internal Audit reports issued.

Loss control investigations are also dealt with by Internal Control. Once a thorough investigation is completed, recommendations are made to the Accounting Officer to write off or recoup a loss.

## 12. 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 WCPP. It assists the WCPP 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;
- 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.

Internal Audit work completed during the year under review for the WCPP included five assurance engagements and one consulting engagement. The details of these engagements are included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the WCPP, 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;
- Ethics and Forensic Investigations.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Francois Barnard *	BProc; BCompt (Hons); CTA; Postgrad Diploma Auditing; MCom; CA (SA) MTP (SA)	External	N/A	01 January 2019 (1 <sup>st</sup> term)	N/A	2
Mr Kerry Larkin **	B Compt; ND FIS; FIIASA CIA; CRMA; CCSA	External	N/A	01 January 2018 (1 <sup>st</sup> term)	N/A	4
Ms Merle Kinnes	BA; LLB; Higher Certificate in Forensics Examination; Attorney of the High Court	External	N/A	01 January 2016 (1 <sup>st</sup> term) 01 January 2019 (2 <sup>nd</sup> term)	N/A	7
Mr Yaseen Ismail	BCom, PGDA, Certificate in Advanced Taxation, Certificate in Forensic and Investigative auditing, CA(SA), RA(SA), CFE	External	N/A	1 May 2016 (1 <sup>st</sup> term)	N/a	7
Mr Jeremy Fairbairn	Certificate in General Management and Consultancy; HONS B COM (BUS. MANAGEMENT ), B. COM (Hons.), Higher Diploma in Education; B COM (LAW)	External	N/A	1 January 2017 (1 <sup>st</sup> term)	N/a	7

\* Chairperson \*\* Resigned

## AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

### **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 FMPPLA, 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 internal audit engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

#### **Assurance engagements:**

- Procurement Planning
- Language Services - Interpreting
- Transfer Payments
- Asset Management
- Network Security

#### **Consulting engagement:**

- Enabling Allowances

The internal audit plan was completed for the year. 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 an on-going basis.

### **In-Year Management and Monthly/Quarterly Report**

The Audit Committee is satisfied with the content and the quality of the quarterly in- year management and performance reports issued during the year under review by the Accounting officer of the Western Cape Provincial Parliament (WCPP) in terms of 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 the AGSA's Management Report and Management's responses thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed material adjustments resulting from the audit of the WC Provincial Parliament.



### **Compliance**

The Audit Committee has reviewed the WCPP's processes for compliance with legal and regulatory provisions. We note their responses.

### **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**

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

The Audit Committee concurs and accepts the Auditor-General of South Africa's opinion regarding the Annual Financial Statements, and proposes that these Audited Annual Financial Statements be accepted and read together with their audit report.

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



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**Mr F Barnard**  
**Chairperson of the Audit Committee**  
**Western Cape Provincial Parliament**  
**8 August 2019**

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART D HUMAN RESOURCE MANAGEMENT

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On 5 November the employees of the WCPP had the opportunity to focus on their health and wellbeing during an Employee Wellness Day. These employees received prizes for their participation in the health activities



On 29 March a group of paralegal students from the Cape Town University of Technology attended an education workshop

## 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 2018 or 1 April 2019" will the figures reflect the position on that particular day.*

## 2. HUMAN RESOURCES STRATEGY

The financial year under review, 2018/19, was a year where modernisation was central to most activities of the Human Resources Section. There were three main streams of modernisation that occupied the employees in the Human Resources Section, namely the implementation of the Enterprise Resource Platform (ERP) system, Sage X3; the project on functional enhancement; and the procurement of a new employee wellness service provider.

In terms of X3 implementation, the process commenced with go-live of the payroll. Whilst the payroll was being implemented on X3 People, data migration for the leave module was prepared. Several issues had to be ironed out on the payroll as well as the leave module. The self-service portal for X3 People and the leave module went live in August of the financial year.

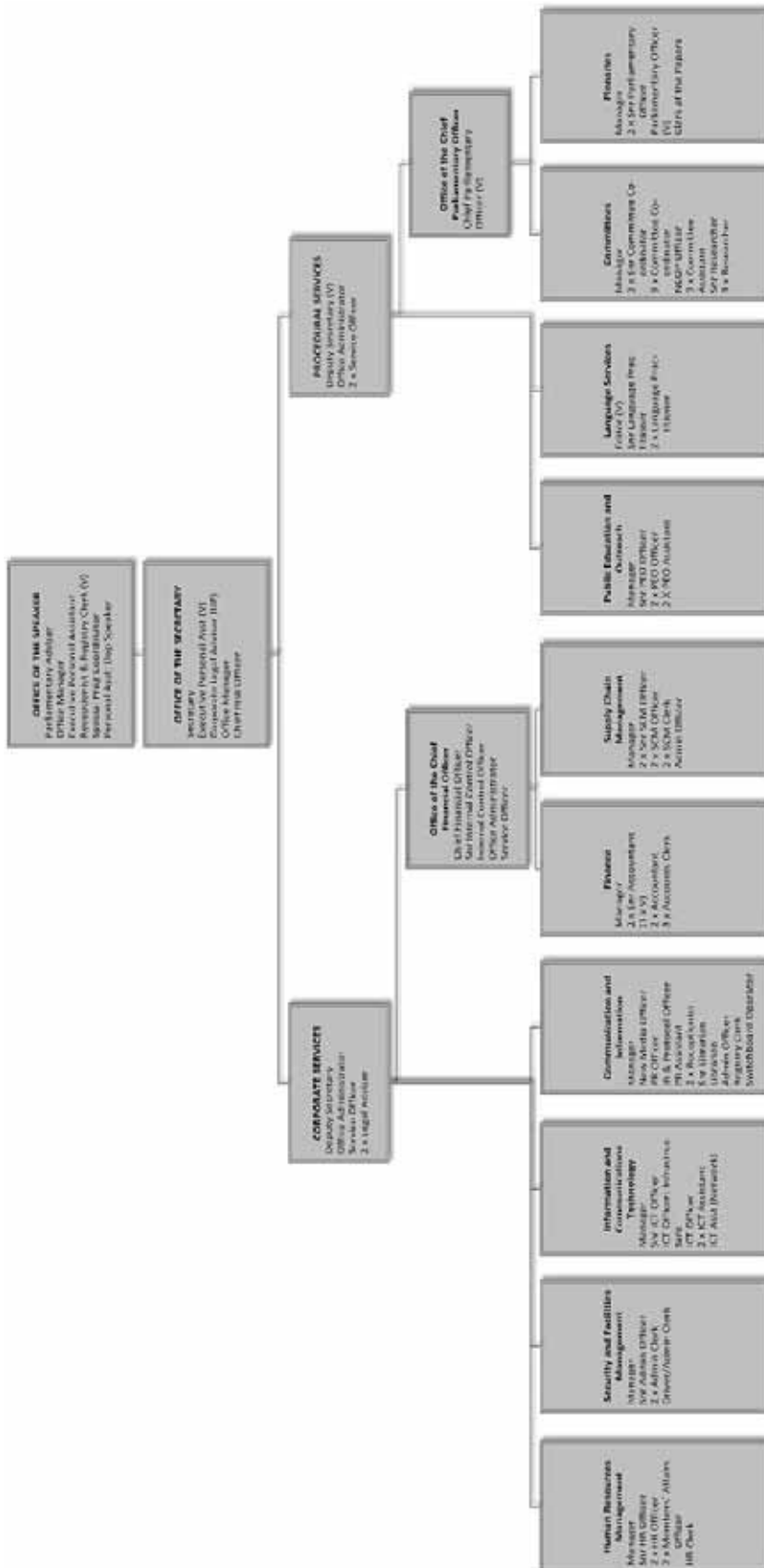
The employee wellness programme came to an end and work on the procurement of a new service provider commenced in November 2018. The WCPP has adopted the approach of integrating the employee wellness programme with the organizational programme in order to optimise participation and impact. Besides quarterly themes, four continuous themes were identified to form part of the annual employee wellness programme. Careways was appointed in February 2019 as the new EWP service provider, which is a new direction for the EWP, after using Metropolitan Health for eight consecutive years.

Annual Report for the 2018/19 Financial Year  
Vote 2: Western Cape Provincial Parliament  
PART D: Human Resource Management

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

Indicator	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
<b>Personnel expenditure</b>	27 million	32 million	39 million	46 million	49 million	53 million	57 million	63 million
<b>Vacancy rate</b>	17%	9.3%	6.6%	3.8%	4.8%	8.6%	3.7%	6.5%
<b>Employee complement (1 April 2018 – 31 March 2019)</b>	78	88	99	101	99	96	103	107
<b>Appointments</b>	12	16	15	11	12	5	17	4
<b>Terminations</b>	9	4	3	5	5	9	3	7
<b>Average sick leave (days)</b>	7.04	5	6	8.18	9	9.2	8.6	7.6
<b>Study assistance (number of employees)</b>	19	12	12	12	16	17	11	8

3. ORGANISATIONAL STRUCTURE as at 31 March 2019



#### 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 terms of each of the programmes or salary bands.

#### IMPORTANT NOTES:

There is a difference between the personnel expenditure in the financial statements and the personnel expenditure in the annual report (Part D). This is as a result of the conversion from Modified Cash Accounting to Accrual Accounting.

##### 4.1 Personnel costs by programme, 2018/19

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	Number of employee per programme
Programme 1 Administration	42 840	63 246	351	67.74%	595	72
Programme 3 Parliamentary Services	20 741	27 620	-	75.09%	593	35
<b>Total</b>	<b>63 581</b>	<b>90 866</b>	<b>351</b>	<b>69.97%</b>	<b>594</b>	<b>107</b>

Note:

This table refers to the number of employees remunerated for the period under review. This includes the Registrar.

Historically Programme 3 has always had 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 2019, there were 65 employees in Programme 1 and 34 in Programme 3.

##### 4.2 Personnel costs by salary bands, 2018/19

Salary bands	Number of Employees	Personnel expenditure R'000	Percentage of total personnel cost	Average personnel cost per employee R'000
Lower skilled (Band A1–B1)	4	922	1.45%	231
Skilled (Band B2–C3)	68	31 756	49.95%	467
Highly skilled production (Band C4–C5)	18	12 699	19.97%	706
Highly skilled supervision (Band D1–D3)	14	13 106	20.61%	936
Senior management (Band D4–E2)	3	5 098	8.02%	1 699
<b>Total</b>	<b>107</b>	<b>63 581</b>	<b>100%</b>	<b>594</b>

#### 4.2.1 Personnel costs by population group, 2018/19

Beneficiary profile	Number of Employees	Personnel cost by race R'000	Percentage of total personnel cost
African	24	11 255	17.70%
Indian	5	3 936	6.19%
Coloured	62	37 559	59.07%
White	16	10 831	17.04%
<b>Total</b>	<b>107</b>	<b>63 581</b>	<b>100%</b>

#### 4.2.2 Personnel costs by gender, 2018/19

Beneficiary profile	Number of Employees	Personnel cost by gender R'000	Percentage of total personnel cost
Male	51	34 461	54.20%
Female	56	29 120	45.80%
<b>Total</b>	<b>107</b>	<b>63 581</b>	<b>100%</b>

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 owners' allowance and medical assistance. These tables exclude Interns.

#### 4.3 Salaries, overtime, home owner's allowance and medical aid by programme, 2018/19

Programme	Salaries		Overtime		Home owners allowance		Medical assistance	
	Amount R'000	Salaries as a % of personnel cost per programme	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	30 524	71.25%	183	0.43%	2 591	6.05%	356	0.83%
Programme 3	14 363	69.25%	217	1.05%	1 645	7.93%	319	1.54%
<b>Total</b>	<b>44 887</b>	<b>70.60%</b>	<b>400</b>	<b>0.63%</b>	<b>4 236</b>	<b>6.66%</b>	<b>675</b>	<b>1.06%</b>



**4.4 Salaries, overtime, home owner's allowance and medical aid by salary bands, 2018/19  
(Percentage of the total personnel cost)**

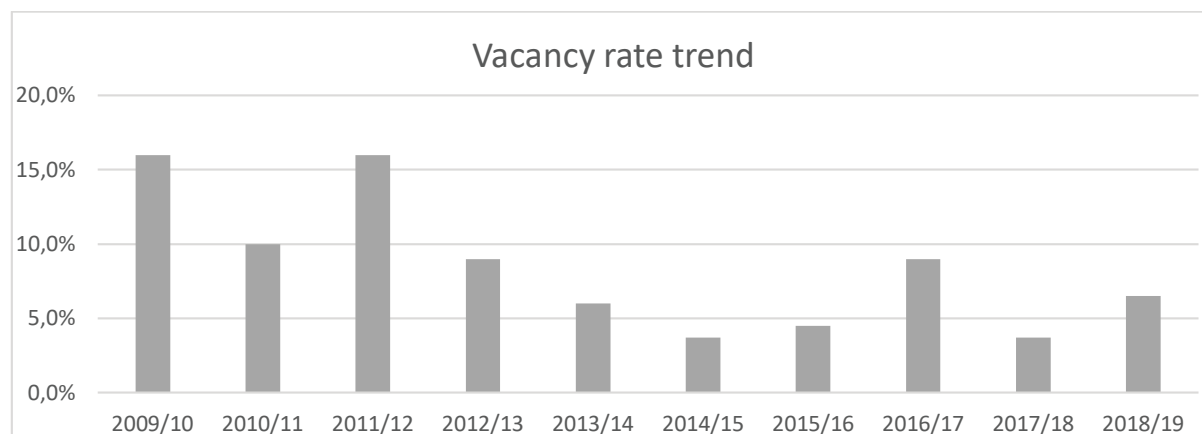
Salary bands	Salaries		Overtime		Home owner's allowance		Medical assistance	
	Amount R'000	Salaries as a % of total personnel cost	Amount R'000	Overtime as a % of total personnel cost	Amount R'000	HOA as a % of total personnel cost	Amount R'000	Medical assistance as a % of total personnel cost
Lower skilled (Band A1– B1)	538	0.85%	13	0.02%	169	0.27%	-	-
Skilled (Band B2–C3)	22 539	35.45%	251	0.39%	3 022	4.75%	439	0.69%
Highly skilled production (Band C4–5)	8 925	14.04%	120	0.19%	1 045	1.64%	158	0.25%
Highly skilled supervision (Band D1– D3)	8 967	14.10%	16	0.03%	-	-	66	0.10%
Senior management (Band D4– E2)	3 918	6.16%	-	-	-	-	12	0.02%
<b>Total</b>	<b>44 887</b>	<b>70.60%</b>	<b>400</b>	<b>0.63%</b>	<b>4 236</b>	<b>6.66%</b>	<b>675</b>	<b>1.06%</b>

**4.5 Salaries, overtime, home owner's allowance and medical aid by salary bands, 2018/19  
(percentage of the respective salary bands)**

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount R'000	Salaries as a % of personnel cost per salary band	Amount R'000	Overtime as a % of personnel cost per salary band	Amount R'000	HOA as a % of personnel cost per salary band	Amount R'000	Medical assistance as a % of personnel cost per salary band
Lower skilled (Band A1–B1)	538	58.36%	13	1.37%	169	18.30%	-	-
Skilled (Band B2–C3)	22 539	70.98%	251	0.79%	3 022	9.52%	439	1.38%
Highly skilled production (Band C4–5)	8 925	70.28%	120	0.95%	1 045	8.24%	158	1.25%
Highly skilled supervision (Band D1–D3)	8 967	68.42%	16	0.12%	-	-	66	0.50%
Senior management (Band D4–E2)	3 918	76.85%	-	-	-	-	12	0.24%
<b>Total</b>	<b>44 887</b>	<b>70.60%</b>	<b>400</b>	<b>0.63%</b>	<b>4 236</b>	<b>6.66%</b>	<b>675</b>	<b>1.06%</b>

## 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, viz. Programme (Table 5.1), Salary Band (Table 5.2) and Critical Occupations (Table 5.3).



### 5.1 Employment and Vacancies by Programme, 31 March 2019:

Programme	Number of posts	Number of funded posts	Number of filled posts	Additional to Establishment	Vacancy Rate	Percentage Unfunded Posts
Programme 1	73	72	65	2	6.9%	1.4%
Programme 3	36	36	34	-	5.5%	-
<b>Total</b>	<b>109</b>	<b>108</b>	<b>99</b>	<b>2</b>	<b>6.5%</b>	<b>1%</b>

### 5.2 Employment and Vacancies by Salary Bands, 31 March 2019:

The information in each case reflects the situation as at 31 March 2019. 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	Additional to Establishment	Vacancy rate	Percentage Unfunded Posts
Lower skilled (Band A1–B1)	4	4	3	-	25%	-
Skilled (Band B2–C3)	65	65	64	2	-	-
Highly skilled production (Band C4–5)	19	19	17	-	10.5%	-
Highly skilled supervision (Band D1–D3)	16	15	12	-	20%	6.25%
Senior management (Band D4–E2)	5	5	3	-	40%	-
<b>Total</b>	<b>109</b>	<b>108</b>	<b>99</b>	<b>2</b>	<b>6.5%</b>	<b>1%</b>

### 5.3 Employment and Vacancies by Critical Occupation, 31 March 2019:

No critical occupation was identified at the beginning of the 2018/19 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 Senior Management by salary level. It also provides information on advertising and filling of Senior Management 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 at 31 March 2019

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	1	50%	1	50%
<b>Total</b>	<b>5</b>	<b>3</b>	<b>60%</b>	<b>2</b>	<b>40%</b>

#### Advertising and filling of Senior Management Service posts for the period 1 April 2018 and 31 March 2019

Senior Management positions were advertised during the 2018/2019 financial year, but will only be filled in the 2019/2020 financial year. The new approved organisational structure and staff establishment, subsequent to Functional Enhancement, would only become applicable from 1 April 2019.

## 7. JOB EVALUATION

The following 10 positions were evaluated in the 2018/2019 financial year to determine the salary level and grade. These refer to posts and not individual employees.

Positions	Approved Job Grade
Deputy Secretary	Grading to be approved in 2019/20
Director: Public Engagement	D4
Director: Institutional Enablement	D4
Director: Parliamentary Support Services	D4
Manager: Human Resources	D2
Senior Officer: Strategy and Organisational Performance	D1
Manager: Office Of the Secretary	D2
Manager: Knowledge Management and Information Services	D2
Senior Logistics Officer	C4
Senior Legal Adviser	D2

Note:

These positions have been identified as part of the new establishment applicable from 1 April 2019. Although this is outside the current reporting period, management proactively graded and advertised these positions with the aim of timeously filling the posts.

**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
<b>Percentage of total employed</b>				<b>1%</b>

Note:

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	-	-	-	-	-
<b>Total</b>	-	-	<b>1</b>	-	<b>1</b>
<b>Employees with a disability</b>	-	-	-	-	-

**8. EMPLOYMENT CHANGES**

This section provides information on changes in employment during 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 2018 to 31 March 2019:**

Salary band	Number of employees per band as on 1 April 2018	*Appointments and transfers into the WCPP		Terminations and transfers out of the WCPP	Turnover rate
		Internal	External		
Lower skilled (Band A1–B1)	4	-	-	1	25%
Skilled (Band B2–C3)	65	-	3	3	4.6%
Highly skilled production (Band C4–C5)	18	-	-	-	-
Highly skilled supervision (Band D1–D3)	15	-	1	3	20%

Salary band	Number of employees per band as on 1 April 2018	*Appointments and transfers into the WCPP		Terminations and transfers out of the WCPP	Turnover rate
		Internal	External		
Senior management (Band D4–E2)	3	-	-	-	-
<b>Total number of Employees</b>	<b>105</b>	<b>-</b>	<b>4</b>	<b>7</b>	<b>6.7%</b>

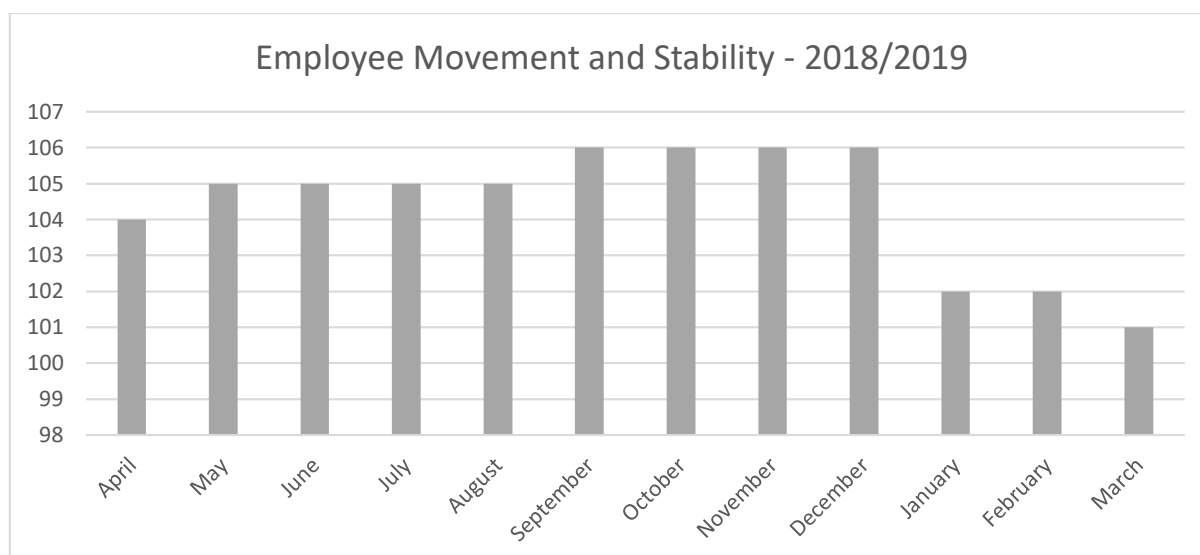
Note:

These appointments include the appointment of the Registrar of Members' Interests, as well as employees in posts additional to the establishment.

#### 8.1.1 WCPP appointment and resignation trends over the past seven years:

Item description	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Appointments	19	15	5	11	5	17	4
Resignations	5	3	3	5	9	3	7
Ratio	3.8:1	5:1	1.7:1	2.2:1	1.1:8	5.6:1	0.57:1

The staff complement of the WCPP decreased during this financial year (see employee movement and stability graph). Four appointments were made, while five employees resigned from the institution, and the contracts of two employees expired.



**8.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019:**  
None. (Although no critical occupations were identified, the WCPP acknowledges that certain positions could be regarded as key positions, i.e. CFO, Secretary, etc.)

### 8.3 Reasons why staff are leaving the WCPP

Termination Type	Number	% of total
Death	-	-
Resignation	5	71.4%
Expiry of contract	2	29%
Dismissal – operational reasons	-	-
Dismissal – misconduct	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Other	-	-
Transfers to other Public Service Departments	-	-
<b>Total</b>	<b>7</b>	<b>100%</b>
Total number of employees who left as a % of the total employment		6.7%

### 8.4 Promotions by critical occupation:

The WCPP's Recruitment and Selection Policy does not make provision for promotion. The principle of open competition is applied for all vacant positions. No critical occupations were identified.

### 8.5 Promotions by salary bands:

The WCPP's Recruitment and Selection Policy does not make provision for promotion.

## 9. EMPLOYMENT EQUITY:

### 9.1 Total number of employees (including employees with disabilities) in each of the following occupational bands from 1 April 2018 to 31 March 2019:

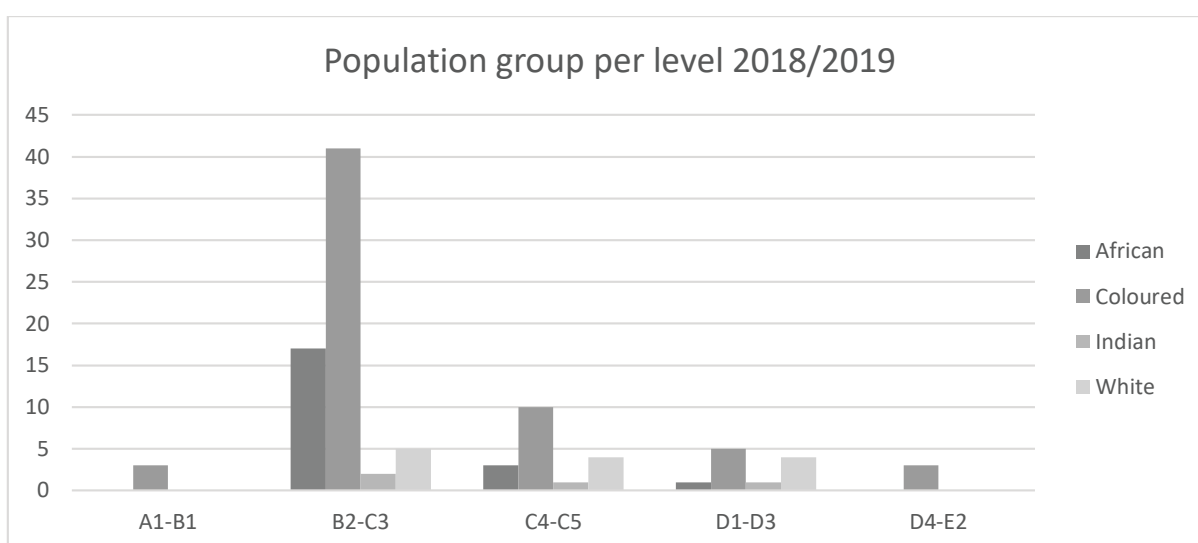
Occupational Levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management (Bands D4–E2)	-	2	-	-	-	1	-	-	3
Management and Professionally Qualified (Band D1–D3)	1	4	2	2	-	1	-	2	12
Experienced Specialists and Middle Management (Band C4–C5)	1	6	1	2	2	3	-	2	17
Skilled technical and academically qualified workers, junior management, supervisors (Bands B2–C3)	5	11	3	2	12	24	-	3	60
Semi-skilled and discretionary decision- making (Band A1–B1)	-	4	-	-	-	-	-	-	4
<b>Total</b>	<b>7</b>	<b>27</b>	<b>6</b>	<b>6</b>	<b>14</b>	<b>29</b>	<b>-</b>	<b>7</b>	<b>96</b>

Contract employees (non-permanent employees)	1	2	-	2	1	4	-	1	11
<b>Grand total</b>	<b>8</b>	<b>29</b>	<b>6</b>	<b>8</b>	<b>15</b>	<b>33</b>	<b>-</b>	<b>8</b>	<b>107</b>
People with disabilities <u>included</u> in the statistics above: Semi-skilled and discretionary decision making (Band A and B)	1	-	-	-	-	-	-	-	1

Note:

This table refers to all employees who were remunerated for the period under review.

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 2018 to 31 March 2019:

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management (Band D4-E2)	-	-	-	-	-	-	-	-	-
Highly skilled supervision (Band D1-3)	-	-	-	1	-	-	-	-	1
Highly skilled production (Band C4-5)	-	-	-	-	-	-	-	-	-
Skilled (Band B2-C3)	1	-	-	-	1	1	-	-	3
Lower skilled (Band A1-B1)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>4</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-



### 9.3 Promotions for the period 1 April 2018 to 31 March 2019

The WCPP policies do not make provision for promotions.

### 9.4 Terminations for the period 1 April 2018 to 31 March 2019:

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

### 9.5 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	-	1	-	1	-	2	-	1	5

### 9.6 Skills development for the period 1 April 2018 to 31 March 2019:

#### 9.6.1 Training Recipients

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	5	2	1	-	2	-	1	12
Professionals	-	-	-	-	-	-	-	-	-
Technicians and associate professionals	5	15	3	4	7	18	-	6	58

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Clerks	1	3	-	-	7	12	-	-	23
Service workers	-	1	-	-	-	-	-	-	1
<b>Total</b>	<b>7</b>	<b>24</b>	<b>5</b>	<b>5</b>	<b>14</b>	<b>32</b>	<b>-</b>	<b>7</b>	<b>94</b>
Interns	-	-	-	-	-	-	-	-	-
Employees with disabilities	-	-	-	-	-	-	-	-	-

**Note:**

Please note that this refers to individuals who attended training. Internal training programmes are included.

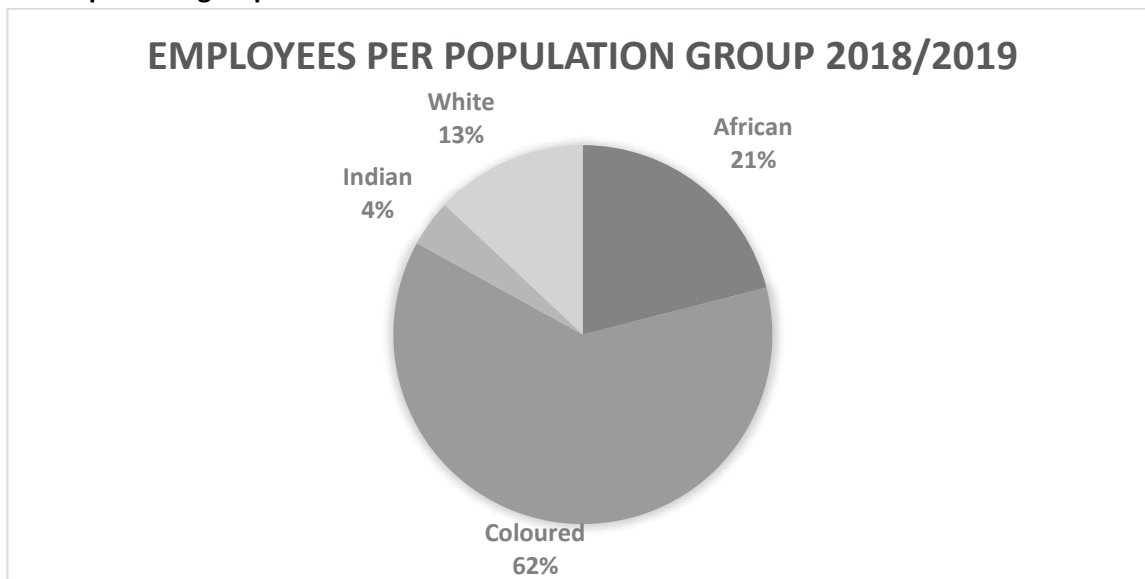
**9.6.2 Study Assistance Provided for Formal Education**

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	-	-	-	-	-	-	-	-	-
Professionals	-	-	-	-	-	-	-	-	-
Technicians and associate professionals	1	1	1	-	-	3	-	-	6
Clerks	-	1	-	-	-	1	-	-	2
Service workers	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>2</b>	<b>1</b>			<b>4</b>			<b>8</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

**9.6.3 Skills development and capacity building trends for seven years:**

Summary of interventions	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Skills development (Training Interventions)	136	247	186	169	339	86	185
Study Assistance (Number of Employees)	12	12	13	12	17	6	8
Internships	5	1	2	1	3	3	-

9.7 Population group distribution as at 31 March 2019



Of the 101 employees in the WCPP as at 31 March 2019, 21 are from the African population group, 62 from the Coloured population group, 14 from the White population group and 4 from the Indian population group.

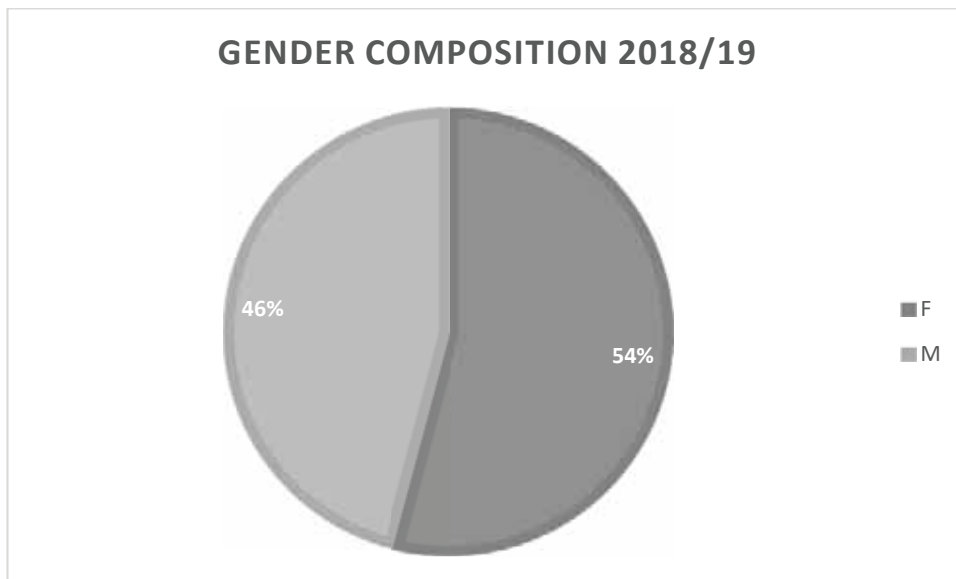
Demographic Description	WCPP	Western Cape*
African	21%	32.8%
Coloured	62%	48.8%
White	13%	15.7%
Indian	4%	1%

\*Stats SA, Census 2011

Demographic representation trend for the past seven years:

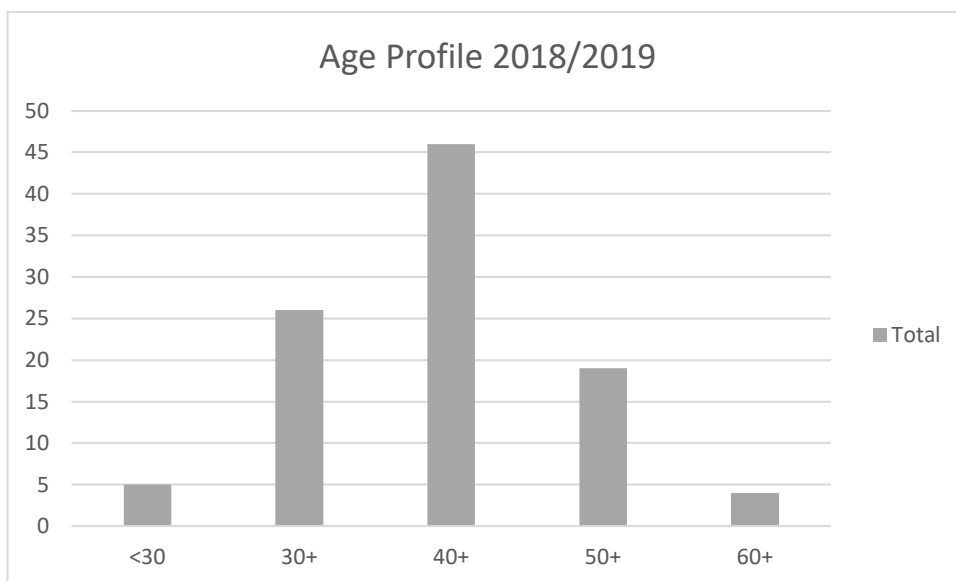
Demographic Description	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Coloured	58%	55.6%	56%	58%	60%	62%	62%
African	28.4%	26.3%	24%	24%	21%	19%	21%
White	12.5%	13.1%	13%	12%	14%	15%	13%
Indian	1.1%	5%	7%	5%	5%	4%	4%

**9.8 Gender composition:**



As at 31 March 2019, 54 of the 101 employees in the WCPP were female and 47 were male.

**9.9 Age profile:**



The average age of the employees of the WCPP was 44.78 years as at 31 March 2019.

**10. PERFORMANCE REWARDS**

To encourage good performance, the WCPP has granted the following performance rewards during the year under review. The information is presented as population group, gender, disability and salary bands. Kindly note that these rewards have been granted in respect of performance during the 2017/2018 financial year.

**10.1 Performance Increases by population group, gender and disability, 1 April 2018 to 31 March 2019 in respect of 2017/2018 financial year:**

There were no performance increases awarded in respect of the 2017/18 financial year.

**10.1.1 Pay progression:**

85 employees received a 1% pay progression after having achieved a performance rating of at least 60%.

Salary bands	Number of posts (31 Mar 2019)	Number of beneficiaries	Africans		Coloured		White		Indian	
			Male	Female	Male	Female	Male	Female	Male	Female
Lower skilled (Band A1 – B1)	4	3	-	-	3	-	-	-	-	-
Skilled (Band B2 – C3)	65	56	5	10	11	23	3	2	2	-
Highly skilled production (Band C4-5)	19	13	1	2	4	2	1	2	1	-
Highly skilled supervision (Band D1 – D3)	16	10	1	-	4	1	2	1	1	-
Senior Management (Band D4 – E2)	5	3	-	-	2	1	-	-	-	-
<b>Total</b>	<b>109</b>	<b>85</b>	<b>7</b>	<b>12</b>	<b>24</b>	<b>27</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>-</b>

**10.1.2 Performance bonuses were paid from 1 April 2018 to 31 March 2019 in respect of 2017/2018 financial year, to employees who received a performance percentage of 70% or above:**

Salary bands	Number of posts (31 Mar 2019)	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)	4	2	-	-	2	-	-	-	-	-	7	3
Skilled (Band B2 – C3)	65	46	3	9	8	20	2	2	2	-	311	7
Highly skilled production (Band C4-5)	19	14	1	1	6	2	2	1	1	-	134	10
Highly skilled supervision (Band D1 – D3)	16	8	1	-	1	1	2	1	2	-	123	15
Senior Management (Band D4 – E2)	5	3	-	-	2	1	-	-	-	-	73	24
<b>Total</b>	<b>109</b>	<b>73</b>	<b>5</b>	<b>10</b>	<b>19</b>	<b>24</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>652</b>	<b>9</b>

**10.2 Performance by Critical Occupations, 1 April 2018 to 31 March 2019:**

No critical occupations were identified for the period 1 April 2018 to 31 March 2019.

**11. FOREIGN WORKERS**

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

**11.1 Foreign Workers, 1 April 2018 to 31 March 2019, by salary band:**

No foreign workers were appointed.

**11.2 Foreign Workers, 1 April 2018 to 31 March 2019, by major occupation:**

No foreign workers were appointed.

## 12. LEAVE UTILISATION

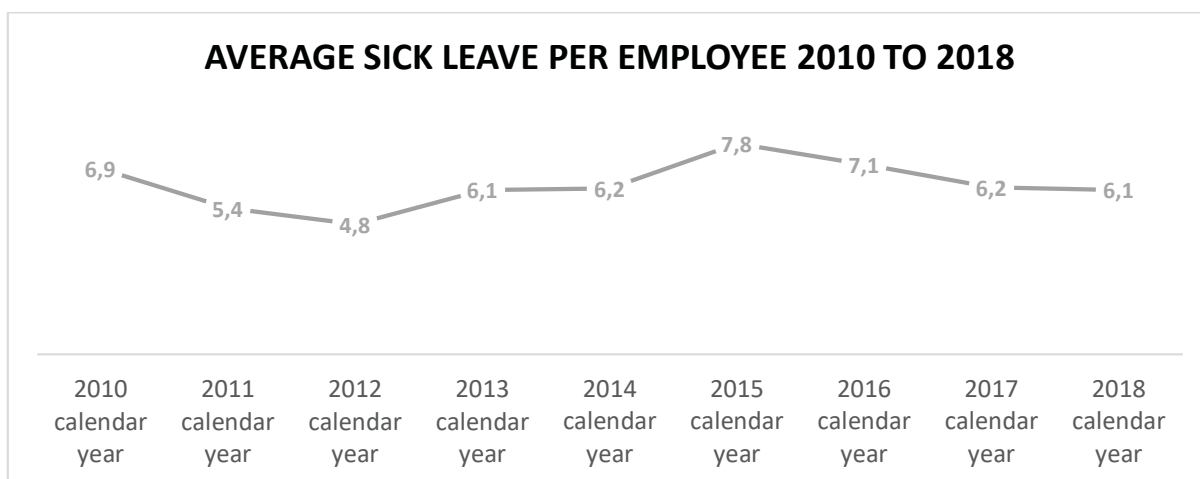
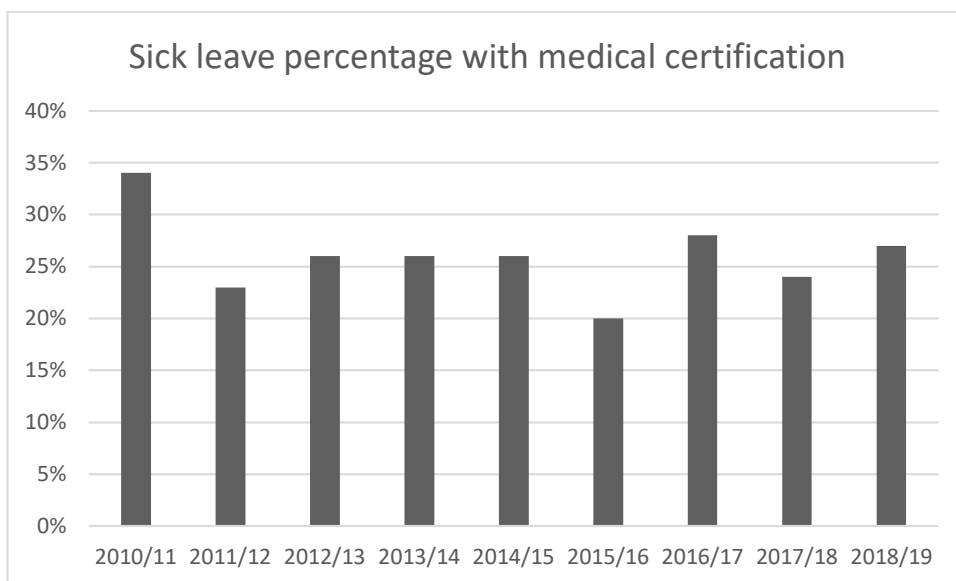
The following tables indicate the use of sick leave, with an estimated cost. The use of annual leave utilisation and payouts are also provided.

### 12.1 Sick Leave, 1 January 2018 to 31 December 2018

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)	57	52.63	4	100.00	14.25	22
Skilled (Band B2–C3)	439	62.87	58	85	6.46	424
Highly skilled production (Band C4–5)	107	59.81	13	72	5.94	142
Highly skilled supervision (Band D1–D3)	50	52	10	71	3.57	105
Senior management (Band D4–E2)	2	100	1	33	0.67	11
<b>Total</b>	<b>655</b>	<b>60.76</b>	<b>103</b>	<b>50</b>	<b>6.12</b>	<b>703</b>

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







**12.2 Incapacity leave (temporary and permanent), 1 April 2018 to 31 March 2019:**

None.

**12.3 Annual leave, 1 January 2018 to 31 December 2018:**

Salary bands	Total days taken	Average per employee
Lower skilled (Band A1–B1)	110	27.50
Skilled (Band B2–C3)	1348	20.47
Highly skilled production (Band C4–5)	333	18.50
Highly skilled supervision (Band D1–D3)	263	21.92
Senior management (Band D4–E2)	39	13.06
<b>Total</b>	<b>2093</b>	<b>20.35</b>

**12.4 Leave pay-outs upon termination of employment for the period 1 April 2018 to 31 March 2019:**

Band	Total number of employees	Total costs R'000	Average cost per employee R'000
Lower skilled (Band A1–B1)	-	-	-
Skilled (Band B2–C3)	3	27	9
Highly skilled production (Band C4–5)	-	-	-
Highly skilled supervision (Band D1–D3)	2	87	44
Senior management (Band D4–E2)	-	-	-
<b>Total</b>	<b>5</b>	<b>114</b>	<b>23</b>
Interns	-	-	-

**12.5 Capped leave, 1 April 2018 – 31 March 2019:**

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Number of Employees with capped leave as at 31 March 2019	Total capped leave days as at 31 March 2019	Average capped leave per employee as at 31 March 2019
Lower skilled (Band A1–B1)	-	-	-	-	-	-
Skilled levels (Band B2–C3)	3	2	1.5	7	100.1	14.3
Highly skilled production (Band C4–C5)	-	-	-	3	22.65	7.55
Highly skilled supervision (Band D1–D3)	-	-	-	4	58	14.5
Senior management (Band D4–E2)	-	-	-	1	134.75	134.75
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1.5</b>	<b>15</b>	<b>315.5</b>	<b>21.03</b>

### 13. HIV/AIDS & 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/AIDS (2018/2019):

- Employee wellness activities for the 2018/2019 financial year included these main events:
- Personal habits questionnaire
- Getting organised workshop
- De-stress campaign
- Debt Management
- Retirement Planning
- Health Day

### 14. LABOUR RELATIONS

#### 14.1 Collective agreements, 1 April 2018 to 31 March 2019:

Subject Matter	Date
2018/2019 Salary Agreement	01 August 2018

#### 14.2 Misconduct and disciplinary hearings finalised, 1 April 2018 to 31 March 2019:

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	1	16.6%
Written warning	3	50%
Final written warning	1	16.6%
Suspended without pay	-	-
Fine	1	16.6%
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
<b>Total</b>	<b>6</b>	<b>100%</b>

#### 14.3 Types of misconduct addressed, 1 April 2018 to 31 March 2019:

Type of misconduct	Number	% of total
Dereliction of Duty	-	-
Discriminatory/Derogatory Remarks	1	20%
Inappropriate language	1	20%
Poor Performance	-	-
Negligently failing to adhere to WCPP procedures	3	60%
Absenteeism	-	-
Timekeeping	-	-
Irregular expenditure	-	-
Fraudulently altering official documents	-	-
Insubordination	-	-
Misuse of Parliament's Property	-	-
<b>Total</b>	<b>5</b>	<b>100%</b>

**14.4 Grievances lodged for the period 1 April 2018 to 31 March 2019:**

One grievance was lodged during the year under review. This was related to the post job grading.

**14.5 Disputes lodged with Councils for the period 1 April 2018 to 31 March 2019:**

Disputes	Number	% of Total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
Number of disputes resolved	1	100%
<b>Total number of disputes lodged</b>	<b>1</b>	<b>100%</b>

**14.6 Strike actions for the period 1 April 2018 to 31 March 2019:**

No strikes occurred during the period under review.

**14.7 Precautionary suspensions for the period 1 April 2018 to 31 March 2019:**

None

**15. SKILLS DEVELOPMENT**

**15.1 Training needs identified 1 April 2018 to 31 March 2019:**

Occupational categories	Gender	Training needs identified	Total training needs identified
Legislators, senior officials and managers	Female	7	25
	Male	18	
Technicians and associate professionals	Female	122	239
	Male	117	
Administrative workers and clerks	Female	42	55
	Male	13	
Service workers	Female	-	4
	Male	4	
<b>Subtotal</b>	<b>Female</b>	<b>171</b>	<b>323</b>
	<b>Male</b>	<b>152</b>	
<b>Total</b>		<b>323</b>	<b>323</b>

**15.2 Training provided 1 April 2018 to 31 March 2019:**

Occupational categories	Gender	Number of employees as at 31 March 2018	Skills programmes and other short course	Total
Legislators, senior officials and managers (1)	Female	3	5	64
	Male	12	19	
Professionals (2)	Female	-	-	-
	Male	-	-	
Technicians and associate professionals (3)	Female	32	62	180
	Male	27	53	
Clerks (4)	Female	20	37	84
	Male	5	8	
Service workers (5)	Female	-	-	11
	Male	4	1	
<b>Subtotal</b>	<b>Female</b>	<b>55</b>	<b>104</b>	<b>185</b>
	<b>Male</b>	<b>48</b>	<b>81</b>	
<b>Total</b>		<b>103</b>	<b>185</b>	<b>185</b>
<b>Interns</b>	Female	-	-	-
	Male	-	-	-

**16. INJURY ON DUTY**

**16.1 Injury on duty, 1 April 2018 to 31 March 2019:**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	1.87%
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
<b>Total</b>	<b>2</b>	<b>1.87%</b>

**Note:**

The totals were calculated against the number employees who have been employed for the period under review - 107

**17. UTILISATION OF CONSULTANTS**

**17.1 Report on consultant appointments using appropriated funds:**

Project title	Total number of consultants that worked on the project	BBBEE Status	Duration: Work Days	Contract value in Rand (R)
Recruitment Assessment	PriceWaterHouse Coopers	Level 1	On request	43,470.00
Recruitment Assessment	The Assessment Toolbox	Level 4	On request	73,795.00
Functional Enhancement	PriceWaterHouse Coopers	Level 1	On request	230,000.00
Organisational Structure	PriceWaterHouse Coopers	Level 1	On request	658,625.00
Job Evaluations	Workdynamics		On request	14,375.00
Job Grading	The Assessment Toolbox	Level 1	On request	6,900.00
Legal Advice	Cape Town Labour consultant		On request	18,515.00
<b>Total Number of projects</b>	<b>7</b>		<b>Varies</b>	<b>2,835,738.24</b>

**17.2 Analysis of consultant appointments using appropriated funds, in terms of Broad Base Black Economic Empowerment Act (BBBEE):**

See table 17.1.

**17.3 Report on consultant appointments using donor funds:**

None.

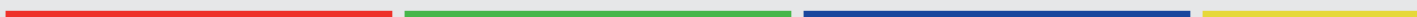
**17.4 Analysis of consultant appointments using donor funds, in terms of Broad Base Black Economic Empowerment Act (BBBEE):**

None.

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART E FINANCIAL INFORMATION





Serjeant-at-Arms Charles Dowman leading the procession to the Chamber, followed by Speaker Sharna Fernandez and Premier Helen Zille, on the occasion of the Official Opening and State of the Province Address, 15 February



Speaker Sharna Fernandez hosted a luncheon for Members of the Fifth Parliament of the Western Cape on the occasion of the last Sitting Day on 28 March

**Report of the auditor-general to Western Cape Provincial Parliament on vote no. 2: Western Cape Provincial Parliament**

**Report on the audit of the financial statements**

**Opinion**

1. I have audited the financial statements of the Western Cape Provincial Parliament set out on pages 106 to 175, which comprise statement of financial position as at 31 March 2019, 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 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislature 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 this auditor's report.
4. I am independent of parliament in accordance with sections 290 and 291 the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) parts 1 and 3 of the International Ethic Standards Board for Accountants' *Code of ethics for professional accountants (including International Independence Standards)* 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 budget**

7. As disclosed in the Statement of Comparison of Budget and Actual Amounts and in note 40 to the financial statements, the legislature has materially underspent the budget on a comparable basis to the amount of R10,085 million.



#### Restatement of corresponding figures

8. As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2018 have been restated as a result of errors discovered during the 2018-19 financial year in the financial statements of provincial parliament at, and for the year ended, 31 March 2019.

#### Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
10. 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 applicable, matters relating to going concern and using the going concern basis of accounting unless appropriate governance either intends to liquidate the parliament or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

11. 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 the 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.
12. 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

13. 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.
14. 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.

15. 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 the Western Cape Provincial Parliament for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 3 – Parliamentary services	46 – 57

16. 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.

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 3: Parliamentary services

**Other matter**

18. I draw attention to the matter below.

**Achievement of planned targets**

19. Refer to the annual performance report on pages 46 to 57 for information on the achievement of planned targets for the year.

**Report on the audit of compliance with legislation**

**Introduction and scope**

20. 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.
21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
23. 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.
24. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

26. 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 on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town

31 July 2019



### **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 this 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 this auditor’s report. However, future events or conditions may cause parliament to cease continuing 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.

## General Information

### Nature of business and principal activities

The main services offered by the Western Cape Provincial Parliament are as follows:

- 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.

The Administration of the Provincial Parliament, in support of this, provides an enabling environment for Members to achieve their constitutional objectives.

Speaker	Fernandez, SG
Deputy Speaker	Pretorius, PJC
Secretary	Lawrence, GA
Deputy Secretary: Corporate Services	Hindley, RG
Deputy Secretary: Procedural Services	Vacant (Lawrence, GA - Acting)
Chief Financial Officer	Petersen, NL
Chief Parliamentary Officer	Vacant (Nkabinde, J - Acting)
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

**Index**

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

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Cash Flow Statement	113
Statement of Comparison of Budget and Actual Amounts	114
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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.

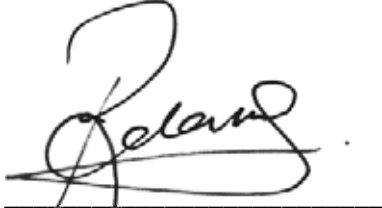
The accounting officer has reviewed the legislature's cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, he is satisfied that the legislature has or has access to adequate resources to continue in operational existence for the foreseeable 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 materially curtail the scale of the legislature.



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The annual financial statements set out on pages 4 to 64, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2019.

A handwritten signature in black ink, appearing to read 'R. Adams', is written over a horizontal line.

**ROMEO ADAMS**  
**SECRETARY**

Annual Report for the 2018/19 Financial Year  
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**Statement of Financial Position as at 31 March 2019**

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	19,413,726	13,367,703
Inventories	4	1,069,912	988,019
Receivables from non-exchange transactions	5	66,400	62,400
Receivables from exchange transactions	6	139,466	126,113
Prepayments	7	556,845	827,194
		<u>21,246,349</u>	<u>15,371,429</u>
<b>Non-Current Assets</b>			
Long term receivables from non-exchange transactions	8	13,141	15,341
Long term receivables from exchange transactions	9	-	-
Property, plant and equipment	10	12,430,742	12,956,574
Intangible assets	11	2,933,654	3,029,116
Heritage assets	12	4,732,002	4,732,002
		<u>20,109,539</u>	<u>20,733,033</u>
<b>Total Assets</b>		<u>41,355,888</u>	<u>36,104,462</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	13	1,299,792	1,249,397
Payable from non-exchange transactions	20	8,054,989	-
Direct charge liability	14	4,176,534	3,683,291
Finance lease obligation	15	596,290	337,750
Employee benefit obligation	16	9,755,815	10,005,118
		<u>23,883,420</u>	<u>15,275,556</u>
<b>Non-Current Liabilities</b>			
Finance lease obligation	15	1,250,957	1,752,278
Employee benefit obligation	16	38,617,000	37,414,000
		<u>39,867,957</u>	<u>39,166,278</u>
<b>Total Liabilities</b>		<u>63,751,377</u>	<u>54,441,834</u>
<b>Net Assets</b>		<u>(22,395,489)</u>	<u>(18,337,372)</u>
Accumulated surplus (deficit)		<u>(22,395,489)</u>	<u>(18,337,370)</u>

\* See Note 38

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**Statement of Financial Performance**

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Recoveries	17	72,067	673,263
Interest received	18	359,304	290,298
Other income	19	40,448	60,863
<b>Total revenue from exchange transactions</b>		<b>471,819</b>	<b>1,024,424</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Fines, Penalties and Forfeits		13,424	-
Services in kind: Rental	37	9,842,760	9,531,936
Annual appropriation	20	135,759,011	128,812,846
Statutory appropriation	20	43,497,000	41,113,000
<b>Total revenue from non-exchange transactions</b>		<b>189,112,195</b>	<b>179,457,782</b>
<b>Total revenue</b>		<b>189,584,014</b>	<b>180,482,206</b>
<b>Expenditure</b>			
Employee related costs	21	(64,350,378)	(57,476,421)
Members remuneration	22	(45,217,021)	(43,511,417)
Depreciation, amortisation and impairments		(3,752,573)	(2,924,533)
Finance costs	23	(706,047)	(679,776)
Lease rentals on operating lease	24	(533,787)	(285,799)
Transfer payments	25	(40,753,387)	(40,184,599)
General expenses	26	(28,374,229)	(26,817,635)
Services in kind: Rental	37	(9,842,760)	(9,531,936)
<b>Total expenditure</b>		<b>(193,530,182)</b>	<b>(181,412,116)</b>
<b>Operating deficit</b>		<b>(3,946,168)</b>	<b>(929,910)</b>
Gain/(Loss) on the disposal of assets		(6,417)	(34,765)
Actuarial gains	16	4,071,000	2,030,000
		<b>4,064,583</b>	<b>1,995,235</b>
<b>Surplus before funds surrendered</b>		<b>118,415</b>	<b>1,065,325</b>
Transfer to direct charge liability	14	4,176,534	3,683,291
<b>Deficit for the year</b>		<b>(4,058,119)</b>	<b>(2,617,966)</b>

\* See Note 38

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**Statement of Changes in Net Assets**

	Accumulated surplus (deficit)	Total net assets
<b>Figures in Rand</b>		
Opening balance as previously reported	(26,985,328)	(26,985,328)
Prior period error	11,265,924	11,265,924
<b>Balance at 1 April 2017 as restated*</b>	<b>(15,719,404)</b>	<b>(15,719,404)</b>
Deficit for the year	(2,617,966)	(2,617,966)
<b>Balance at 1 April 2018 as restated*</b>	<b>(18,337,370)</b>	<b>(18,337,370)</b>
Deficit for the year	(4,058,119)	(4,058,119)
<b>Balance at 31 March 2019</b>	<b>(22,395,489)</b>	<b>(22,395,489)</b>

\* See Note 38

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**Cash Flow Statement**

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from services		378,935	748,371
Cash receipts from appropriation		179,256,011	169,925,846
Interest income		359,304	290,298
		<u>179,994,250</u>	<u>170,964,515</u>
<b>Payments</b>			
Cash paid to employees and members		(104,542,702)	(96,417,993)
Cash paid to suppliers		(61,637,911)	(67,497,851)
Direct charge surrendered		(3,683,291)	(2,491,870)
Finance costs		(706,047)	(679,776)
		<u>(170,569,951)</u>	<u>(167,087,490)</u>
<b>Net cash flows from operating activities</b>	27	<b><u>9,424,299</u></b>	<b><u>3,877,025</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(2,242,123)	(2,427,569)
Proceeds from sale of property, plant and equipment	10	49,008	6,900
Purchase of other intangible assets	11	(934,117)	(1,529,188)
Long term receivables from non-exchange transactions		2,200	2,400
Long term receivables from exchange transactions		-	914
<b>Net cash flows from investing activities</b>		<b><u>(3,125,032)</u></b>	<b><u>(3,946,543)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease obligation		(253,244)	(168,988)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,046,023</b>	<b>(238,506)</b>
Cash and cash equivalents at the beginning of the year		<u>13,367,703</u>	<u>13,606,209</u>
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>19,413,726</u></b>	<b><u>13,367,703</u></b>

\* See Note 38

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**Statement of Comparison of Budget and Actual Amounts**

**Budget on Cash Basis**

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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**Statement of Financial Performance**

**Revenue**

**Revenue from exchange transactions**

Recoveries	-	-	-	72,067	72,067	40.1
Other income	6,000	-	6,000	39,943	33,943	40.2
Interest received	58,000	-	58,000	235,939	177,939	40.3
<b>Total revenue from exchange transactions</b>	<b>64,000</b>	<b>-</b>	<b>64,000</b>	<b>347,949</b>	<b>283,949</b>	

**Revenue from non-exchange transactions**

**Transfer revenue**

Transfer received	400,000	-	400,000	-	(400,000)	
Fines, penalties and forfeits	-	-	-	13,424	13,424	
Annual appropriation	143,410,000	-	143,410,000	143,874,000	464,000	
Statutory appropriation	43,497,000	-	43,497,000	43,497,000	-	

<b>Total revenue from non-exchange transactions</b>	<b>187,307,000</b>	<b>-</b>	<b>187,307,000</b>	<b>187,384,424</b>	<b>77,424</b>	
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<b>Total revenue</b>	<b>187,371,000</b>	<b>-</b>	<b>187,371,000</b>	<b>187,732,373</b>	<b>361,373</b>	
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**Expenditure**

Employee related costs	(68,793,000)	5,086,584	(63,706,416)	(63,630,648)	75,768	40.4
Members remuneration	(44,952,000)	(24,307)	(44,976,307)	(40,799,773)	4,176,534	40.5
Finance costs	(914,000)	(143,178)	(1,057,178)	(1,047,716)	9,462	40.6
Lease rentals on operating lease	(489,000)	13,213	(475,787)	(475,787)	-	
Transfer payments - Other	(42,444,000)	-	(42,444,000)	(40,753,387)	1,690,613	
General expenses	(29,779,000)	(4,932,312)	(34,711,312)	(30,988,943)	3,722,369	40.7

<b>Total expenditure</b>	<b>(187,371,000)</b>	<b>-</b>	<b>(187,371,000)</b>	<b>(177,696,254)</b>	<b>9,674,746</b>	
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<b>Operating surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,036,119</b>	<b>10,036,119</b>	
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Gain on disposal of assets and liabilities	-	-	-	49,008	49,008	
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<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,085,127</b>	<b>10,085,127</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,085,127</b>	<b>10,085,127</b>	
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**Reconciliation**

**Basis difference**

Accrual adjustment between modified cash and GRAP	(16,340,125)
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**Format and classification differences**

Capital expenditure	2,196,879
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<b>Actual Amount in the Statement of Financial Performance</b>	<b>(4,058,119)</b>
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## 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 surplus 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

## Accounting Policies

### 1.2 Significant judgements (continued)

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.

### Useful lives of property, plant and equipment and other assets

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

### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

### Effective interest rate

The legislature used 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 debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

## 13 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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 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 of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.



## Accounting Policies

### 1.3 Property, plant and equipment (continued)

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 through a non-exchange transaction, 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). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and office equipment	Straight line	2 - 25 years
Other machinery and equipment	Straight line	2 - 23 years
Computer equipment	Straight line	2 - 20 years
Finance lease assets - Vehicles	Straight line	4 - 7 years
Finance lease assets - cell phones	Straight line	2 - 5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the legislature. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is

## Accounting Policies

### 1.3 Property, plant and equipment (continued)

changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The legislature assesses at each reporting date whether there is any indication that the legislature expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the legislature revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of legislature are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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.

### 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 entity 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 through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense

when it is incurred. 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.

## Accounting Policies

### 1.4 Intangible assets (continued)

- 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	1 - 10 years

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 intangible assets 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.

### 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.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

The legislature assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the legislature estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### 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 a difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 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

Receivables from non-exchange transactions  
Receivables from exchange transactions  
Cash and cash equivalents

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

## PART E: Annual Financial Statements for the year ended 31 March 2019

**Accounting Policies****1.6 Financial instruments (continued)**

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:

<b>Class</b>	<b>Category</b>
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
Direct charge 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 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 a financial asset and financial liability initially at its fair value [if subsequently measured at 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 account) for impairment or uncollectibility in the case of a financial asset.

**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

## Accounting Policies

### 1.6 Financial instruments (continued)

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, an 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 assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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 directly OR 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

## Accounting Policies

### 1.6 Financial instruments (continued)

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 financial asset. Such impairment losses are not reversed.

### 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).

## Accounting Policies

### 1.7 Statutory receivables

#### Identification

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.

#### Recognition

The legislature recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The legislature initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The legislature measures statutory receivables after initial recognition 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.

#### Impairment losses

The legislature assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the legislature measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.



## Accounting Policies

### 1.7 Statutory receivables (continued)

#### Derecognition

The legislature derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the 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; or
- the legislature, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell 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 entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are 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.

#### 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 of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### 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.

## Accounting Policies

### 1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs 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.

### 1.10 Impairment of cash-generating assets

Cash-generating assets are those assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

#### 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.

## Accounting Policies

### 1.10 Impairment of cash-generating assets (continued)

#### 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.

#### 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.

## Accounting Policies

### 1.10 Impairment of cash-generating assets (continued)

In allocating an impairment loss, the entity 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.

### Reversal of impairment loss

The legislature assesses 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 entity 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.

### 1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

## Accounting Policies

### 1.11 Impairment of non-cash-generating assets (continued)

#### Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service 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 non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the legislature would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service 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 non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Accounting Policies

### 1.11 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service 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 non-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 non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.12 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve 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 are due to be settled within twelve 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 twelve 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 cell phones) 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 entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

## Accounting Policies

### 1.12 Employee benefits (continued)

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 an 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 entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### 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 entity 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.

## Accounting Policies

### 1.12 Employee benefits (continued)

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 determines 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).

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.



## Accounting Policies

### 1.12 Employee benefits (continued)

Before determining the effect of a curtailment or settlement, the legislature re-measure 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.

### 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.

## Accounting Policies

### 1.12 Employee benefits (continued)

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 shall recognise 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 entity 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 entity 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.

### 1.13 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

### 1.13 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 an 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 asset is a possible asset 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 in the control of the legislature.

A contingent liability is:

- 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.

### 1.14 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.

## Accounting Policies

### 1.14 Revenue from exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### 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.

## Accounting Policies

### 1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

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 non- exchange 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.

## Accounting Policies

### 115 Revenue from non-exchange transactions (continued)

#### 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 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 recognise 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.

#### Concessionary loans received

A concessionary loan is a loan granted to or received by a 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.

## Accounting Policies

### 1.15 Revenue from non-exchange transactions (continued)

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.

### 1.16 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.

### 1.17 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.

### 1.18 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.

### 1.19 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.

### 1.20 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.

## Accounting Policies

### 1.20 Unauthorised expenditure (continued)

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.

### 1.21 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.

### 1.22 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.

### 1.23 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.

### 1.24 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.

### 1.25 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.



## Accounting Policies

### 126 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 01-Apr-18 to 31-Mar-19.

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.

### 127 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.

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.

### 127 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 will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The legislature will disclose 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

### 1. New standards and interpretations

#### 21 Standards and interpretations effective and adopted in the current year

The legislature has chosen to early adopt the following standards and interpretations:

##### **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 directive is for years beginning on or after 1 April 2018.

The legislature adopted the directive for the first time in the 2019 annual financial statements. The impact of the directive is not material.

#### 22 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 1 April 2019 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 for years beginning on or after 01 April 2019

The legislature expects to adopt the standard for the first time once it becomes effective. The impact of this standard is currently being assessed.

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.

An 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

PART E: Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

**2 New standards and interpretations (continued)**

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

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 for years beginning on or after 01 April 2019.

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.

It is unlikely that the standard will have a material impact on the legislature's annual financial statements.

**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 for years beginning on or after 01 April 2019.

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.

**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.

## Notes to the Annual Financial Statements

### 2. New standards and interpretations (continued)

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 for years beginning on or after 01 April 2019.

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.

The impact of this standard is currently being assessed.

#### **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.

It is unlikely that the interpretation will have a material impact on the legislature's annual financial statements.

#### **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.

**PART E: Annual Financial Statements for the year ended 31 March 2019**

**Notes to the Annual Financial Statements**

**2 New standards and interpretations (continued)**

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 for years beginning on or after 1 April 2019.

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 105: Transfer of Functions Between Entities 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 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 for years beginning on or after 01 April 2019.

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 for years beginning on or after 01 April 2019.

Notes to the Annual Financial Statements

**2 New standards and interpretations (continued)**

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 for years beginning on or after 01 April 2019.

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

	2019	2018 Restated*
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	6,005	5,500
Current bank	17,316,297	11,388,761
Legislative Sector Support(LSS) bank account	2,091,424	1,973,442
	<b><u>19,413,726</u></b>	<b><u>13,367,703</u></b>

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 2019	31 March 2018	31 March 2017	31 March 2019	31 March 2018	31 March 2017
Nedbank - Current 1452045283	17,568,733	15,688,398	12,549,343	17,316,297	11,388,761	11,743,196
LSS Account Nedbank - Current1452069212	2,091,424	1,973,442	1,857,513	2,091,424	1,973,442	1,857,513
<b>Total</b>	<b><u>19,660,157</u></b>	<b><u>17,661,840</u></b>	<b><u>14,406,856</u></b>	<b><u>19,407,721</u></b>	<b><u>13,362,203</u></b>	<b><u>13,600,709</u></b>

**4. Inventories**

Corporate store	1,055,348	972,619
Boutique	14,564	15,400
	<b><u>1,069,912</u></b>	<b><u>988,019</u></b>

Inventories recognised as an expense during the year	524,457	378,826
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**Inventory pledged as security**

No inventory was pledged as security.

**5. Receivables from non-exchange transactions**

Recoverable expenditure	<u>66,400</u>	<u>62,400</u>
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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 are neither past nor due nor impaired.

Receivables from non-exchange transactions impaired

As of 31 March 2019, receivables from non-exchange transactions were not impaired (2018: R Nil).

\*See note 38



## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>6. Receivables from exchange transactions</b>		
Recoverable expenditure	89,790	96,774
Staff debt	12,191	12,165
Other debtors	42,285	21,974
Impairment provision	(4,800)	(4,800)
	<b>139,466</b>	<b>126,113</b>
<b>Gross amount of exchange receivables</b>		
Recoverable expenditure	89,790	96,774
Staff debt	12,191	12,165
Other debtors	42,285	21,974
	<b>144,266</b>	<b>130,913</b>
<b>Impairment of exchange receivables</b>		
Recoverable expenditure	-	-
Staff debt	-	-
Other debtors	(4,800)	(4,800)
	<b>(4,800)</b>	<b>(4,800)</b>
<b>Net amount of exchange receivables</b>		
Recoverable expenditure	89,790	96,774
Staff debt	12,191	12,165
Other debtors	37,485	17,174
	<b>139,466</b>	<b>126,113</b>
<b>Recoverable expenditure</b>		
Disallowance miscellaneous	<b>89,790</b>	<b>96,774</b>
<b>Staff debt</b>		
Salary overpayment	720	-
Staff debt	11,471	12,165
	<b>12,191</b>	<b>12,165</b>
<b>Other debtors</b>		
Ex members	16,998	16,998
Political party telephone debt	8,351	-
Supplier overpayment	11,960	-
Supplier telephone account	176	176
	<b>37,485</b>	<b>17,174</b>

**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 receivables from exchange transactions are neither past nor due nor impaired.

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Receivables from exchange transactions impaired</b>		
As of 31 March 2019, receivables from exchange transactions, other debtors, of R 42,285 (2018: R 21,974) were impaired and provided for.		
The amount of the provision was R 4,800 as of 31 March 2019 (2018: R 4,800).		
<b>Reconciliation of allowance for impairment</b>		
Opening balance	(4,800)	(4,800)
Provision for impairment	-	-
Amounts written off as uncollectible	<u>(4,800)</u>	<u>(4,800)</u>
<b>7. Prepayments</b>		
Staff advances	111,970	198,485
Parmed	168,979	171,521
Other prepayments	275,896	457,188
	<u>556,845</u>	<u>827,194</u>

The staff advances relates to the advancement of services bonuses to employees and advances for travel and subsistence. The Parmed prepayment is for the expense relating to the month after financial year end.

**8. Long term receivables from non-exchange transactions**

Recoverable expenditure	<u>13,141</u>	<u>15,341</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 are neither past nor due nor impaired.

**Receivables from non-exchange transactions impaired:**

As of 31 March 2019, receivables from non-exchange transactions were not impaired (2018: R Nil).

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>9. Long term receivables from exchange transactions</b>		
Other debtors	4,880	4,880
Impairment provision	(4,880)	(4,880)
	<u>-</u>	<u>-</u>
<b>Gross amount of exchange receivables</b>		
Other debtors	<u>4,880</u>	<u>4,880</u>
<b>Impairment of exchange receivables</b>		
Other debtors	<u>(4,880)</u>	<u>(4,880)</u>
<b>Net amount of exchange receivables</b>		
Other debtors	<u>-</u>	<u>-</u>
<b>Other debtors</b>		
Ex members	<u>-</u>	<u>-</u>
<b>Receivables from exchange transactions pledged as security:</b>		
No receivables from exchange transactions were pledged as security.		
<b>Credit quality of receivables from exchange transactions:</b>		
The credit quality of other receivables from exchange transactions are neither past nor due nor impaired.		
<b>Receivables from exchange transactions impaired:</b>		
As of 31 March 2019, receivables from exchange transactions of R 4,880 (2018: R 4,880) were impaired and provided for.		
The amount of the provision was R 4,880 as of 31 March 2019 (2018: R 4,880).		
<b>Reconciliation of impairment for exchange receivables</b>		
Opening balance	(4,880)	(5,794)
Provision for impairment	-	-
Reversal due to amounts collected	-	914
Bad debts written off	-	-
	<u>(4,880)</u>	<u>(4,880)</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 38

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and office equipment	4,824,488	(2,628,673)	2,195,815	4,238,862	(2,275,847)	1,963,015
Other machinery and equipment	8,158,455	(3,523,767)	4,634,688	7,620,166	(2,757,173)	4,862,993
Computer equipment	9,178,014	(5,064,289)	4,113,725	8,682,669	(4,183,589)	4,499,080
Finance lease assets - vehicles	2,186,961	(709,278)	1,477,683	2,186,961	(560,092)	1,626,869
Finance lease assets - cell phones	25,862	(17,031)	8,831	15,399	(10,782)	4,617
<b>Total</b>	<b>24,373,780</b>	<b>(11,943,038)</b>	<b>12,430,742</b>	<b>22,744,057</b>	<b>(9,787,483)</b>	<b>12,956,574</b>

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Assets written off	Transfers	Depreciation	Impairment loss	Total
Furniture and office equipment	1,963,015	588,414	(630)	-	-	(354,984)	-	2,195,815
Other machinery and equipment	4,862,993	551,681	(2,304)	-	-	(777,682)	-	4,634,688
Computer equipment	4,499,080	1,102,028	(52,488)	-	-	(1,428,917)	(5,978)	4,113,725
Finance lease assets - vehicles	1,626,869	-	-	-	-	(149,186)	-	1,477,683
Finance lease assets - cell phones	4,617	10,463	-	-	-	(3,924)	(2,325)	8,831
	<b>12,956,574</b>	<b>2,252,586</b>	<b>(55,422)</b>	<b>-</b>	<b>-</b>	<b>(2,714,693)</b>	<b>(8,303)</b>	<b>12,430,742</b>

\*See note 38

Notes to the Annual Financial Statements

Figures in Rand

**10. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment – 2018**

	Opening balance	Additions	Disposals	Assets written off	Transfers	Depreciation	Impairment loss	Total
Furniture and office equipment	2,441,227	154,843	(3,955)	(81,798)	(226,862)	(320,440)	-	1,963,015
Other machinery and equipment	4,146,448	1,374,231	(529)	(69,132)	(35,289)	(552,736)	-	4,862,993
Computer equipment	4,778,806	898,495	(21,789)	(53,435)	13,851	(1,116,848)	-	4,499,080
Finance lease assets - vehicles	1,838,047	-	-	-	-	(211,178)	-	1,626,869
Finance lease assets - cell phones	10,785	-	-	-	-	(6,168)	-	4,617
	<b>13,215,313</b>	<b>2,427,569</b>	<b>(26,273)</b>	<b>(204,365)</b>	<b>(248,300)</b>	<b>(2,207,370)</b>	<b>-</b>	<b>12,956,574</b>

**Pledged as security**

No property, plant and equipment was pledged as security.

**Assets subject to finance lease**

Finance lease assets – vehicles	1,477,683	1,626,869
Finance lease assets - cell phones	8,831	4,617
	<b>1,486,514</b>	<b>1,631,486</b>

**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	35,124	150,581
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The repairs and maintenance on the property, plant and equipment incurred as follows in the categories, Computer equipment R 30,023 (2018: R 30,470), Furniture and office equipment R 0 (2018: R 5,010) and Other machinery and equipment R 5,101(2018: R 115,101).

\*See note 38

## Notes to the Annual Financial Statements

	2019			2018 Restated*		
<b>11. Intangible assets</b>	<b>2019</b>			<b>2018</b>		
	<b>Cost / Valuation</b>	<b>Accumulated amortisation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated amortisation and accumulated impairment</b>	<b>Carrying value</b>
Computer software	3,993,504	(1,059,850)	2,933,654	4,068,905	(1,039,789)	3,029,116

**Reconciliation of intangible assets - 2019**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software	3,029,116	934,117	-	(1,029,579)	2,933,654

**Reconciliation of intangible assets - 2018**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software	2,118,417	1,627,861	-	(717,162)	3,029,116

**Pledged as security**

No intangible asset was pledged as security.

**Other information**

During the current financial year intangible assets which have expired with a cost of R 1,009,518 (2018: R 423,075) and accumulated amortisation of R 1,009,518 (2018: R 423,075) have been removed from the asset register.

\*See note 38

## Notes to the Annual Financial Statements

	2019			2018 Restated*		
<b>12. Heritage assets</b>	<b>2019</b>			<b>2018</b>		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings, sculptures and ornaments	4,732,002	-	4,732,002	4,732,002	-	4,732,002

**Reconciliation of heritage assets - 2019**

	Opening balance	Additions	Disposals	Assets written off	Total
Paintings, sculptures and ornaments	4,732,002	-	-	-	4,732,002

**Reconciliation of heritage assets - 2018**

	Opening balance	Additions	Disposals	Assets written off	Transfers	Total
Paintings, sculptures and ornaments	4,499,095	-	(15,391)	(2)	248,300	4,732,002

**Pledged as security**

No heritage asset was pledged as security.

**13. Payables from exchange transactions**

Accruals	1,295,602	1,249,397
Other payables	4,190	-
	<b>1,299,792</b>	<b>1,249,397</b>

**Other payables**

Department of Transport and Public Works	4,190	-
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**14. Direct charge liability****Direct charge due to the Revenue Fund:**

Transfer from the statement of financial performance	4,176,534	3,683,291
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**Movement during the year**

Balance at the beginning of the year	3,683,291	2,491,870
Transfer from the statement of financial performance	4,176,534	3,683,291
Payment during the year	(3,683,291)	(2,491,870)
	<b>4,176,534</b>	<b>3,683,291</b>

\*See note 38

PART E: Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1,129,618	972,637
- in second to fifth year inclusive	1,409,513	2,410,615
	<u>2,539,131</u>	<u>3,383,252</u>
less: future finance charges	(691,884)	(1,293,225)
<b>Present value of minimum lease payments</b>	<u><b>1,847,247</b></u>	<u><b>2,090,027</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	596,290	337,750
- in second to fifth year inclusive	1,250,957	1,752,278
	<u><b>1,847,247</b></u>	<u><b>2,090,028</b></u>
Non-current liabilities		1,752,278
Current liabilities	1,250,957	
	<u>596,290</u>	<u>337,750</u>
	<u><b>1,847,247</b></u>	<u><b>2,090,028</b></u>

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 31% and 43%.

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 Government Motor Transport 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 10.25%.

A software licence with a lease term of 3 years and the average effective borrowing rate of 7.56% has been entered into. No arrangements have been entered into for contingent rent.

\*See note 38



## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>16. Employee benefit obligations</b>		
<b>Reconciliation of employee benefits - 2019</b>	<b>Opening balance</b>	<b>Movement</b>
		<b>Total</b>
Leave entitlement	2,207,995	764,061
Service bonus	1,744,392	(43,673)
Performance bonus	1,297,780	140,386
Time-off hours	952,951	139,923
Long service awards	6,407,000	(572,000)
Once-off gratuity	7,959,000	626,000
Medical aid benefits	26,850,000	(101,000)
	<b>47,419,118</b>	<b>953,697</b>
		<b>48,372,815</b>
<b>Reconciliation of employee benefits - 2018</b>	<b>Opening balance</b>	<b>Movement</b>
		<b>Total</b>
Leave entitlement	3,000,513	(792,518)
Service bonus	1,681,680	62,712
Performance bonus	1,183,372	114,408
Time-off hours	937,707	15,244
Long service awards	5,772,000	635,000
Once-off gratuity	5,985,000	1,974,000
Medical aid benefits	26,319,000	531,000
	<b>44,879,272</b>	<b>2,539,846</b>
		<b>47,419,118</b>
<b>Non-current employee benefits</b>		
Long service awards	5,030,000	4,308,000
Once-off gratuity	8,585,000	7,959,000
Medical aid benefits	25,002,000	25,147,000
	<b>38,617,000</b>	<b>37,414,000</b>
<b>Current employee benefits</b>		
Leave entitlement	2,972,056	2,207,995
Service bonus	1,700,719	1,744,392
Performance bonus	1,438,166	1,297,780
Time-off hours	1,092,874	952,951
Long service awards	805,000	2,099,000
Medical aid benefits	1,747,000	1,703,000
	<b>9,755,815</b>	<b>10,005,118</b>
<b>Long service awards: Movements</b>		
Opening balance	6,407,000	5,772,000
Benefits paid	(1,865,000)	(1,085,000)
Net expense recognised	1,293,000	1,720,000
	<b>5,835,000</b>	<b>6,407,000</b>

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>16. Employee benefit obligations (continued)</b>		
<b>Long service awards: Net expense recognised</b>		
Current service cost	909,000	871,000
Interest cost	562,000	568,000
Actuarial loss/(gain)	(178,000)	281,000
	<b><u>1,293,000</u></b>	<b><u>1,720,000</u></b>
<b>Once-off gratuity: Movements</b>		
Opening balance	7,959,000	5,985,000
Benefits paid	(429,000)	(209,000)
Net expense recognised	1,055,000	2,183,000
	<b><u>8,585,000</u></b>	<b><u>7,959,000</u></b>
<b>Once-off gratuity: Net expense recognised</b>		
Current service cost	1,457,000	1,306,000
Interest cost	763,000	613,000
Actuarial loss/(gain)	(1,165,000)	264,000
	<b><u>1,055,000</u></b>	<b><u>2,183,000</u></b>
<b>Medical aid benefits: Movements</b>		
Opening balance	26,850,000	26,319,000
Benefits paid	(1,359,000)	(1,379,000)
Net expense recognised	1,258,000	1,910,000
	<b><u>26,749,000</u></b>	<b><u>26,850,000</u></b>
<b>Medical aid benefits: Net expense recognised</b>		
Current service cost	1,603,000	1,941,000
Interest cost	2,383,000	2,544,000
Actuarial loss/(gain)	(2,728,000)	(2,575,000)
	<b><u>1,258,000</u></b>	<b><u>1,910,000</u></b>

**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:

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
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**16. Employee benefit obligations (continued)**

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.

**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 2019: 91 (2018: 95) 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 2018:

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%:

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>16. Employee benefit obligations (continued)</b>		
	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	3,583,000	4,251,000
Effect on defined benefit obligation	24,707,000	29,334,000

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:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	4,433,000	3,423,000
Effect on defined benefit obligation	29,612,000	24,310,000

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%:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	1,245,000	1,383,000
Effect on defined benefit obligation	5,596,000	6,094,000

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:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	1,385,000	1,244,000
Effect on defined benefit obligation	6,129,000	5,562,000

\*See note 38

PART E: Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
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**16. Employee benefit obligations (continued)**

Amounts for the medical aid obligation for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	26,749,000	26,850,000	26,319,000	23,115,000	27,533,000

**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	<u>5,013,211</u>	<u>4,674,324</u>
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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 2016. This valuation indicates that the plan is in a sound financial position. The estimated liabilities of the fund are R 1 407 million which are adequately funded by assets of R 1 630 million as at 31 March 2016.

**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 by 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 GEPF for the reporting period	<u>5,153,005</u>	<u>5,053,974</u>
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\*See note 38

## PART E: Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>17. Recoveries</b>		
Recoverable revenue	72,067	673,263
<b>18. Interest received</b>		
<b>Interest revenue</b>		
Bank	235,860	169,249
Interest on receivables	78	9
LSS bank account	123,366	121,040
	<b>359,304</b>	<b>290,298</b>
<b>19. Other income</b>		
Boutique sales	10,900	16,747
Income for access to information	300	-
Insurance and garnishee	-	12,657
Refreshments	13,725	17,775
Rental of parking	13,235	12,110
Reversal of impairment provision	-	914
Sale of scrap	2,000	-
Waste paper sales	288	660
	<b>40,448</b>	<b>60,863</b>
<b>20. Appropriation</b>		
Annual appropriation	135,759,011	128,812,846
Statutory appropriation	43,497,000	41,113,000
	179,256,011	169,925,846
Funds rolled over from prior year	8,114,989	8,902,154
	<b>187,371,000</b>	<b>178,828,000</b>
<b>Appropriation</b>		
Current-year receipts	179,256,011	169,925,846
Funds rolled over from prior year	8,114,989	8,902,154
Actual expenditure	(177,696,254)	(167,973,579)
Direct charge liability	(4,176,534)	(3,683,291)
Unspent appropriated funds carried over to next year	5,498,212	7,171,130
Departmental revenue carried over to next year	410,381	943,859
	<b>5,908,593</b>	<b>8,114,989</b>

For the Direct charge liability refer to note 14.

Payables from non-exchange transactions refers to the remaining unspent portion of the prior year which has not yet been paid over to Provincial Treasury. The payable amounts to R 8,054,989 (R 8,114,989 - R 60,000).

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>21. Employee related costs</b>		
Acting allowances	261,515	216,842
Basic salary	44,887,183	40,577,643
Bonus	3,232,327	2,726,702
Contribution to employee benefits	609,991	(173,495)
Employee benefits paid out	49,500	71,476
Housing allowances	4,236,336	3,525,121
Leave payout	338,106	136,688
Medical aid - employer contributions	675,521	645,694
Other non-pensionable allowances	3,490,876	3,648,579
Overtime payments	376,157	396,761
Pension - employer contributions	5,013,211	4,674,324
Performance bonus	651,638	738,318
Periodic payments	341,998	114,513
Unemployment Insurance Fund	186,019	177,255
	<b>64,350,378</b>	<b>57,476,421</b>
<b>Remuneration of the Secretary</b>		
Basic salary	1,837,899	1,538,793
Performance Bonuses	25,567	23,109
Contributions to UIF, Medical and Pension Funds	1,785	1,785
	<b>1,865,251</b>	<b>1,563,687</b>
<b>Remuneration of the Deputy Secretary: Corporate Services</b>		
Basic salary	1,105,362	1,042,304
Bonus	92,114	86,859
Performance Bonuses	26,478	25,217
Contributions to UIF, Medical and Pension Funds	145,482	137,284
Other non-pensionable allowances	441,670	414,688
	<b>1,811,106</b>	<b>1,706,352</b>
<b>Remuneration of the Chief Financial Officer</b>		
Basic salary	974,699	919,094
Bonus	81,225	76,591
Performance Bonuses	20,680	19,695
Contributions to UIF, Medical and Pension Funds	140,663	133,435
Other non-pensionable allowances	197,624	183,871
	<b>1,414,891</b>	<b>1,332,686</b>
<b>Remuneration of the Chief Parliamentary Officer</b>		
Basic salary	-	721,946
Acting allowance	-	116,098
Performance Bonuses	-	18,564
Contributions to UIF, Medical and Pension Funds	-	105,480
Leave encashment	-	60,082
Other non-pensionable allowances	-	203,925
	-	<b>1,226,095</b>

The Chief Parliamentary Officer resigned on 31 January 2018.

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>21. Employee related costs (continued)</b>		
<b>Remuneration of the Acting Chief Parliamentary Officer</b>		
Basic salary	690,121	107,944
Acting allowance	150,699	25,700
Bonus	57,510	-
Performance Bonuses	14,642	-
Contributions to UIF, Medical and Pension Funds	91,500	14,330
Other non-pensionable allowances	148,540	22,936
Overtime	6,279	-
	<b>1,159,291</b>	<b>170,910</b>
<b>22. Members remuneration</b>		
Basic salary	22,911,871	22,458,837
Contributions to employee benefits	4,414,706	4,743,341
Housing allowance	-	-
Medical aid contributions	176,106	153,081
Other non-pensionable allowances	9,175,137	8,950,672
Pension contributions	5,153,005	5,053,974
Retirement benefits paid out	2,568,006	1,338,367
Service bonus	818,190	813,145
	<b>45,217,021</b>	<b>43,511,417</b>
<b>Remuneration of the Speaker</b>		
Basic salary	1,186,677	1,186,833
Other non-pensionable allowances	520,396	520,633
Subsistence and travel advance	23,982	-
Pension contributions	267,002	267,037
Medical aid contribution	3,720	3,483
	<b>2,001,777</b>	<b>1,977,986</b>
<b>Remuneration of the Deputy Speaker</b>		
Basic salary	960,280	936,997
Other non-pensionable allowances	416,684	407,101
Pension contributions	216,063	210,824
Medical aid contribution	7,440	6,678
	<b>1,600,467</b>	<b>1,561,600</b>
<b>23. Finance costs</b>		
Finance leases	706,047	679,776

\*See note 38



## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>24. Operating lease rentals</b>		
<b>Operating lease rental payments</b>		
Motor vehicles	92,115	80,867
Photocopiers	441,672	204,932
	<b>533,787</b>	<b>285,799</b>

## Motor Vehicles:

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 29 for details relating to the photocopiers operating leases.

**25. Transfer payments**

<b>Political Parties</b>		
Democratic Alliance	24,601,919	24,283,116
African National Congress	13,484,407	13,300,127
African Christian Democratic Party	1,371,002	1,335,118
Economic Freedom Fighters	1,296,059	1,266,238
	<b>40,753,387</b>	<b>40,184,599</b>

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>26. General expenses</b>		
Advertising	1,394,494	973,079
Assets written off	-	204,367
Auditors remuneration	3,668,494	3,212,690
Bad debts written off	-	15,317
Bank charges	13,260	18,322
Bursaries	50,717	27,730
Catering	2,127,531	1,966,516
Claims paid	-	160,719
Computer services	1,888,817	4,731,987
Consulting and professional fees	3,469,631	2,795,617
Consumables	973,036	1,088,167
Contracted services	1,737,548	1,287,457
Transfer of LSS funding	400,000	-
Fleet services	478,885	391,842
Insurance	317,254	280,402
Laundry services	6,456	8,208
Other expenses	555,772	537,726
Outsourced services	168,467	315,845
Postage and courier	150	3,088
Printing and publications	375,824	369,583
Registration fees	147,353	298,721
Rentals of facilities and equipment	36,774	36,207
SITA computer expenses	297,562	344,960
Subscriptions and membership fees	627,947	234,457
Telephone and fax	290,437	275,142
Training	281,581	552,059
Travel - local	5,425,970	5,193,924
Travel - overseas	3,640,269	1,493,503
	<b>28,374,229</b>	<b>26,817,635</b>
<b>27. Cash flow from operating activities</b>		
Deficit	(4,058,119)	(2,617,966)
<b>Adjustments for:</b>		
Depreciation and amortisation	3,752,573	2,924,533
Loss on sale of assets and liabilities	6,417	34,765
Reversal of impairment	-	(914)
Transfer to direct charge liability	4,176,534	3,683,291
Contribution to employee benefits	5,024,697	4,569,846
Actuarial gain	(4,071,000)	(2,030,000)
Bad debts written off	-	15,317
Inventory adjustment	-	70,435
Assets written off	-	204,367
<b>Changes in working capital:</b>		
Inventories	(81,893)	(123,085)
Receivables from non-exchange transactions	(4,000)	(1,466)
Receivables from exchange transactions	(13,353)	191,353
Prepayments	270,349	(174,728)
Payables from exchange transactions	8,105,385	(376,853)
Direct charge liability	(3,683,291)	(2,491,870)
	<b>9,424,299</b>	<b>3,877,025</b>

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>28. Auditors' remuneration</b>		
Fees	<u>3,668,494</u>	<u>3,212,690</u>
<b>29. Commitments</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>93,433</u>	<u>329,648</u>
<b>Not yet contracted for and authorised</b>		
• Property, plant and equipment	<u>                    </u>	<u>35,568</u>
<b>Total capital commitments</b>		
Already contracted for but not provided for	93,433	329,648
Not yet contracted for and authorised by member	-	35,568
	<u><b>93,433</b></u>	<u><b>365,216</b></u>

This committed expenditure relates to property, plant and equipment and intangibles and will be financed through funding received from Provincial Treasury.

**Operating leases - as lessee (expense)**

<b>Minimum lease payments due</b>		
- within one year	451,686	465,106
- in second to fifth year inclusive	301,124	752,809
	<u><b>752,810</b></u>	<u><b>1,217,915</b></u>

Operating lease payments represent rentals payable by the legislature for the rental of photocopy machines to Minolco (Pty) Ltd.

**30. Contingencies****Erasmus vs the Speaker and others**

The applicant alleges that the Speaker has not fulfilled her constitutional obligations in respect of appointment of a Commissioner for the Environment for the Western Cape Province. The estimated expenditure is R 130,000.

**Contingent assets****Erasmus vs the Speaker and others**

The applicant alleges that the Speaker has not fulfilled her constitutional obligations in respect of appointment of a Commissioner for the Environment for the Western Cape Province. The estimated recovery is R 100,000.

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>31. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2019</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Cash and cash equivalents	19,413,726	19,413,726
Receivables from non-exchange transactions	66,400	66,400
Receivables from exchange transactions	139,466	139,466
Long term receivables from non-exchange transactions	13,141	13,141
Long term receivables from exchange transactions	-	-
	<b>19,632,733</b>	<b>19,632,733</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	1,299,792	1,299,792
Finance lease obligation	1,847,247	1,847,247
Direct charge liability	4,176,534	4,176,534
Payables from non-exchange transactions	8,054,989	8,054,989
	<b>15,378,562</b>	<b>15,378,562</b>
<b>2018</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Cash and cash equivalents	13,367,703	13,367,703
Receivables from non-exchange transactions	62,400	62,400
Receivables from exchange transactions	126,113	126,113
Long term receivables from non-exchange transactions	15,341	15,341
Long term receivables from exchange transactions	-	-
	<b>13,571,557</b>	<b>13,571,557</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	1,249,397	1,249,397
Finance lease obligation	2,090,028	2,090,028
Direct charge liability	3,683,291	3,683,291
	<b>7,022,716</b>	<b>7,022,716</b>

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
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**32. 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.

<b>At 31 March 2019</b>	<b>Within 1 year</b>	<b>Between 2 and 5 years</b>
Payables from exchange transactions	1,299,792	-
Finance lease obligation	1,129,618	1,409,513
Direct charge liability	4,176,534	-
Payables from non-exchange transactions	8,054,989	-
	<b>14,660,933</b>	<b>1,409,513</b>
	<b>Within 1 year</b>	<b>Between 2 and 5 years</b>
<b>At 31 March 2018</b>		
Payables from exchange transactions	1,249,397	-
Finance lease obligation	972,637	2,410,615
Direct charge liability	3,683,291	-
	<b>5,905,325</b>	<b>2,410,615</b>

**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:

<b>Financial instrument</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	19,413,726	13,367,703
Receivables from non-exchange transactions	66,400	62,400
Receivables from exchange transactions	139,466	126,113
Long term receivables from non-exchange transactions	13,141	15,341
Long term receivables from exchange transactions	-	-

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>Market risk</b>		
<b>Interest rate risk</b>		
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.		
<b>33. Unauthorised expenditure</b>		
No unauthorised expenditure was incurred during the current financial period ended 31 March 2019.		
<b>34. Fruitless and wasteful expenditure</b>		
No fruitless and wasteful expenditure was incurred during the current financial period ended 31 March 2019.		
<b>35. Irregular expenditure</b>		
Opening balance	-	66,895
Add: Irregular Expenditure - current year	41,400	-
Less: Amounts condoned	(41,400)	(60,203)
Less: Amounts recovered	-	(6,692)
	<u>-</u>	<u>-</u>
<b>Details of irregular expenditure condoned in current year</b>		
Prior year - Datacentrix: Payment made with no pre-approval. Condoned by the Accounting Officer	-	17,100
Prior year - House of Monatic (Pty) Ltd: Non-compliance to local content certification. Condoned by the Accounting Officer	-	43,103
Transport services: Non-compliance due to not following the pre-approval process	28,900	-
Springbok Atlas: Services provided without approval	3,500	-
Pakkies and Grootboom: Late submission of declaration of interest	9,000	-
	<u>41,400</u>	<u>60,203</u>
<b>Details of irregular expenditure recovered</b>		
Prior year - Petty cash: Purchases made not in line with the policy	-	6,692

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>36. Related parties</b>		
During the year the Western Cape Provincial Parliament received services from the following parties that are related as indicated:		
Department of Transport and Public Works		Occupation of the building free of charge managed by the Department of Transport and Public Works. 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
Provincial Treasury		Primary funding
Government Motor Transport (GMT)		Management of government motor vehicles. This relationship is based on an arm's length transaction in terms of the approved tariffs.
Key management and Members		Refer to note 21&22

**37. Services in-kind**

The Department of Public Works provides office area to the Western Cape Provincial Parliament at no cost to the legislature. The providing of this services in kind is recognised as revenue and expenditure to the fair value of R 9,842,760 (2018: R 9,531,936).

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 Western Cape Provincial Parliament within the financial year to the value of R 215,803 (2018: R 84,575). These services were provided to the Members with no cost to the legislature

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
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**38. Prior period error**

During the preparation of the annual financial statements for the current year the following errors were identified.

**Inventory**

During the period ended 31 March 2019, the legislature determined that inventory was received before year end which was not included in the schedule at year end to the value of R 131,904.

Inventory: Corporate store	131,904
General expenses: Advertising	(131,904)
	<u>-</u>

**Property, plant and equipment**

During the year, the legislature determined that a item of property, plant and equipment within additions was incorrectly classified between furniture and office equipment and other machinery and equipment to the value of R 8,999.

Property, plant and equipment - Furniture and office equipment	8,999
Property, plant and equipment - Other machinery and equipment	(8,999)
Accumulated depreciation - Furniture and office equipment	(108)
Accumulated depreciation - Other machinery and equipment	108
	<u>-</u>

**Heritage Assets**

During the period ended 31 December 2018, the legislature found that a Heritage asset to the value of R10,000 was not included in the exercise of remeasuring assets performed in the prior year.

Heritage assets	10,000
Accumulated deficit	(10,000)
	<u>-</u>

**Property, plant and equipment**

During the preparation of the asset file for importing onto the SAGE system various discrepancies were identified such as reclassifications within asset classes and the write off of additional assets. These adjustments are reflected as per below:

Property, plant and equipment - Furniture and office equipment	(230,059)
Property, plant and equipment - Other machinery and equipment	(62,255)
Property, plant and equipment - Computer equipment	19,486
Heritage assets	248,300
Accumulated depreciation - Furniture and office equipment	(2,278)
Accumulated depreciation - Other machinery and equipment	39,392
Accumulated depreciation - Computer equipment	(2,890)
Accumulated deficit	(8,752)
General expenses	(757)
Depreciation	(187)
	<u>-</u>

\*See note 38



## Notes to the Annual Financial Statements

	2019	2018 Restated*
<b>38. Prior period error (continued)</b>		
<b>Finance leases -</b>		
<b>Cell phones</b>		
During the preparation of the finance lease cell phones it was found that the old cell phones were required to be removed from the register and the value of the cell phone still in use was overstated.		
Finance lease asset cell phones		(125,050)
Accumulated depreciation - Finance lease cell phones		124,145
Accumulated deficit		16,828
Depreciation		(15,923)
		<u>-</u>
<b>Exit gratuity</b>		
In the prior year a provision was raised with regards to an exit gratuity payment that must be made to all members impacted Proclamation 48 of 2016. However, due to the previous Premier not approving the provincial gazette within 30 days of the date of the aforementioned proclamation as required by S6(3), it was concluded that there is no legal obligation and therefore there cannot be a provision in the Annual Financial Statements.		
Employee benefits - Exit gratuity		14,681,000
Accumulated deficit		(11,264,000)
Members remuneration - Contribution to employee benefits		(3,259,000)
Actuarial gains		(158,000)
		<u>-</u>
<b>Statement of financial position</b>		
Inventory		131,904
Property, plant and equipment		(397,878)
Property, plant and equipment: Accumulated depreciation		158,369
Heritage assets		258,300
Employee benefits		14,681,000
<b>Statement of Financial Performance</b>		
General expenses		(132,661)
Depreciation		(16,110)
Members remuneration - Contribution to employee benefits		(3,259,000)
Actuarial gains		(158,000)
<b>Statement of Changes in Net Assets</b>		
Accumulated deficit		(11,265,924)

\*See note 38

## Notes to the Annual Financial Statements

	2019	2018 Restated*
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**39. Change in estimate****Property, plant and equipment**

Property, plant and equipment: A review of useful lives was done on assets, during which, certain items of computer equipment were identified which required an adjustment. The Western Cape Provincial Parliament's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only, or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2018/19 and therefore the depreciation charge was applied prospectively from 1 April 2018 over the remaining useful life of these assets.

	2018/2019	2019/2020	2020/2021
Increase\ (Decrease) in Depreciation on Computer Equipment	167,983	(51,147)	(47,582)

**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 lower than anticipated 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.

**40.7 General expenses**

Variance mainly due to a delayed implementation of the Enterprise Resource Planning project as well as the Functional Enhancement project resulting in a later than anticipated completion of the milestone payment process.

Variance also due to planned 6<sup>th</sup> Parliament expenditure which was planned but only completed in the 2019/20 financial 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:

\*See note 38

## Notes to the Annual Financial Statements

		2019	2018 Restated*	
<b>40. Budget differences (continued)</b>				
<b>Expenditure</b>	<b>Approved budget</b>	<b>Adjustment</b>	<b>Shifts</b>	<b>Final budget</b>
Employee related costs	68,793,000	(4,714,968)	(371,616)	63,706,416
Members remuneration	44,952,000	-	24,307	44,976,307
Finance costs	914,000	122,824	20,354	1,057,178
Lease rentals on operating lease	489,000	61,155	(74,368)	475,787
Transfer payments	42,444,000	-	-	42,444,000
General expenditure	29,779,000	4,530,989	401,323	34,711,312
	<b>187,371,000</b>	<b>-</b>	<b>-</b>	<b>187,371,000</b>

**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**

No adjusting events have occurred after the reporting date.

\*See note 38

