

EASTERN CAPE PROVINCIAL LEGISLATURE



ANNUAL REPORT 2016/17 FINANCIAL YEAR

SUBMISSION OF THE 2016/17 ANNUAL REPORT BY SECRETARY TO THE LEGISLATURE

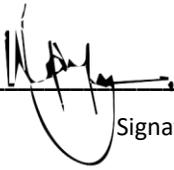
I am pleased to submit the Annual Report of the Eastern Cape Provincial Legislature, which is in accordance with Section 59 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009).



V. MAPOLISA
SECRETARY TO THE LEGISLATURE

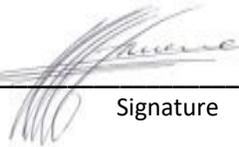
OFFICIAL SIGN OFF

MSN MOSANA
ACTING GM: OFFICE OF THE SECRETARY



Signature

MS N MENE
CHIEF PARLIAMENTARY OFFICER



Signature

ADV. L I NETSHITUMBU
CHIEF OPERATING OFFICER



Signature

MS N NGCAKANI
CHIEF FINANCIAL OFFICER



Signature

MR V W MAPOLISA
ACCOUNTING OFFICER



Signature

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FOREWORD BY THE EXECUTIVE AUTHORITY

I am pleased to present the Annual Report of the Eastern Cape Provincial Legislature for 2016/17 financial year. It is the most suitable measure of our performance through which we give an account of progress made in the implementation of the mandate given to us as elected public representatives in 2014. It is also a tool which is used to inform the public, which is the ultimate intended audience of the report on the details of all our activities during the reporting period.



The Legislature has had one of the most eventful years in its existence. As an institution with the people at the centre of its programmes we kicked off the year with the launch of the centenary of the University of Fort Hare. We are proud that the Legislature was part of this milestone as the colossal image of the University as the centre of African academic excellence in yester year and contemporary higher education remains prominent.

We also held the Youth and Women's Parliaments as part of our public participation programme. This was in celebration of the 40th anniversary of the 1976 youth uprisings and 60 years since the women march against Apartheid's unjust laws; which events changed the world and whose impact would be realised decades after.

2016 was the year of local government elections and to encourage citizens' participation in our democracy; we embarked on the Voter Education programme where Members of the Provincial Legislature visited some district and local municipalities to educate members of the public on the meaning of participatory democracy and to encourage people to vote. We were encouraged by the increased voter turnout and had since incorporated voter education into our public education programme.

One of the core obligations placed on the Legislature by the Constitution is to hold the executive accountable for the utilisation of public resources. Through the budget votes, half year oversight and annual reports, we were able to meet this obligation to exercise oversight over government performance. In addition to this, the oversight committees visited various service delivery sites to monitor the implementation of government projects. This included the January schools visits, which involved all Members of the Legislature. All these culminated in resolutions being passed in the House whose aim was to see a government responsive to the needs of the people and accelerated service delivery with a positive and significant impact.

As the Eastern Cape Provincial Legislature, we introduced an Annual Memorial Lecture in honour of the first Premier of the Province of the Eastern Cape, the late Raymond "Oom Ray" Mhlaba. For us, this presented an opportunity to invite the public to reflect on the contribution made by our past leaders and also debate the contemporary issues affecting our society. It was also our objective when this idea was conceived, to ensure that the immense contribution and the sacrifices made by these leaders, of which Oom Ray was part, are not negated through our lack of action or leadership. It is therefore fitting that Eastern Cape Provincial Legislature introduced this engagement to ensure that its role as the agent for constructive social dialogue and public participation is sustained.

We were honoured to have the late Reverend Stofile; Oom Ray's successor as the Premier of the Eastern Cape to have introduced the lecture series.

Our flagship event, the Taking Legislature to the People had a different yet positive twist to it as it was held jointly with the National Council of Provinces at Buffalo City Municipality in East London. The programme was coordinated and directed in a manner that ensured that there was efficiency and that both the Legislature and the NCOP's programmes were effective.

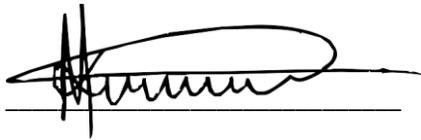
Despite all this, the limited financial resources at our disposal presented challenges in implementing our programmes to the desired effect. We had adjusted the way in which we conduct our business and that we were able to successfully carry out all our planned activities is commendable. We will continue to find alternative ways to become more effective whilst maximising efficiency.

Our Chamber got the much needed facelift with the upgrade of its ICT infrastructure, thus enabling Members to have the much needed improved techno-infrastructure when conducting House business. We are confident of the positive impact this would have in the future.

As we move closer to the end of the term, we remain steadfast in implementing our mandate for this term and we shall not be complacent. What we have achieved in the past year will propel us to do more in the remaining years of the 5th term of the Legislature.

We owe it to Honourable Members and all Legislature staff that we have been able to report on the achievements made. We thank the people of the Eastern Cape, who have increasingly shown confidence in the work of the Legislature in representing their interests.

Working together we can do more.

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

Ms N. KIVIET (MPL)
SPEAKER OF THE EC PROVINCIAL LEGISLATURE
EXECUTIVE AUTHORITY

OVERVIEW BY THE ACCOUNTING OFFICER

The year 2016 was a significant one in the history of South Africa and the Eastern Cape. We marked the 60th anniversary of the Women's March to the Union Buildings, 40 years since the 1976 Youth uprisings and more significantly the University of Fort Hare celebrated its centenary since it opened as an institution of higher learning. The Eastern Cape Legislature was proud to be part of the recognition of these milestones through its own programmes and partnerships with other sectors of society.



2016 was also the year of Local Government elections, through which citizens exercised their right to elect the government of their choice. The Legislature partnered with the Independent Electoral Commission to encourage people to exercise their democratic responsibility to vote in the upcoming Local Government Elections as part of our public participation and education drive. This was done through a voter education campaign and attention was paid to areas where there was low voter turnout in the previous elections. We were pleased with the interventions as we saw some increase in voter turnout.

Our commitment to ensure high standards of technical support given to our elected representatives culminated in the approval of the organogram by the Rules Committee during the year under review. With this commitment we began working towards ensuring that all members of staff of the Legislature contribute, in one way or the other, to the core mandate of the Legislature. We are satisfied that this was supported by all stakeholders as there was broad consensus on the changes in the structure. We have already begun a process of ensuring a smooth reconfiguration of our structure with the intention to expedite the execution of the goals of 5th term the Legislature.

We are indeed, one of the Legislatures that are at the forefront of Information, Communication and Technology innovation in South Africa. The Raymond Mhlaba Chamber where official House business takes place received a major refurbishment as the first sitting in the Chamber in February 2017 saw significant improvements in audio-visuals used in the House.

The Legislature prides itself on being the People's Assembly and our mainstay events bear testimony to this. The official opening of the Legislature otherwise known as the State of the Province Address (SOPA) for 2017 was the main attraction during the month of February. Our innovation set the bar high in ensuring that we are not only transmitting the SOPA via print and broadcast media but also utilise the fastest growing media platform in our times; social media. We had live tweets posted from the ceremonial part of the event, the red carpet moment up until the end of the proceedings.

I am also pleased with the progress made during the year under review in preparing ourselves for changes in our administration as the introduction of the Enterprising Resource Planning (ERP) will mean gradually

moving away from manual operations to more effective and efficient information systems and to ensure full compliance with the Financial Management of Parliament and Provincial Legislatures Act.

I wish to acknowledge both the political leadership and the diligence of our administration in achieving the targets we had set for ourselves in the 2016/17 financial year.

A handwritten signature in black ink, appearing to read 'V W Mapolisa', written over a horizontal line.

MR V W MAPOLISA
SECRETARY TO THE LEGISLATURE
ACCOUNTING OFFICER

VISION, MISSION AND VALUES

VISION

'A People's Assembly for good governance to realise service excellence'

MISSION STATEMENT

- ❖ To conduct oversight that will ensure accountability of the provincial government to the people of the Province;
- ❖ To pass laws that will ensure that citizens' rights are upheld;
- ❖ To conduct public outreach and education programmes that will ensure meaningful participation of the public in government programmes;
- ❖ To foster relations with local and international oversight bodies that will ensure sharing knowledge and best practices.

VALUES

Excellence:	Discharging our responsibilities with utmost care and offering the highest levels of service to those we serve;
Integrity:	Pursuing ethical practices by being open, honest, transparent and consistent in our actions;
Commitment:	Focusing on achieving our goals without let or hindrance;
Professionalism:	Conducting our business with our stakeholders with highest levels of diligence, competence and responsibility;
Accountability:	Accepting full responsibility for our actions or inactions and consequences thereof;
Loyalty	Espousing the principles and ethos enshrined in the Constitution of the Republic of South Africa.

1.2 Legislative and other mandates

a. Constitutional Mandate

The Eastern Cape Provincial Legislature derives its mandate from the Constitution in terms of the following clauses:-

1. Section 114 provides that:-

(1) In exercising its legislative power, a provincial legislature may—

- (a) consider, pass, amend or reject any Bill before the legislature; and
- (b) initiate or prepare legislation, except money Bills.

(2) A provincial legislature must provide for mechanisms—

- (a) to ensure that all provincial executive organs of state in the province are accountable to it; and
- (b) to maintain oversight of—
 - (i) the exercise of provincial executive authority in the province, including the implementation of legislation; and
 - (ii) any provincial organ of state.

2. Section 118 prescribes that;

(1) A provincial legislature must-

- (a) facilitate public involvement in the legislative and other processes of the legislature and its committees; and
- (b) conduct its business in an open manner, and hold its sittings, and those of its committees, in public, but reasonable measures may be taken—
 - (i) to regulate public access, including access of the media, to the legislature and its committees; and
 - (ii) to provide for the searching of any person and, where appropriate, the refusal of entry to, or the removal of, any person.

(2) A provincial legislature may not exclude the public, including the media, from a sitting of a committee unless it is reasonable and justifiable to do so in an open and democratic society.

b. Legislative Mandates

In addition to the above, there are various pieces of legislation that govern or have direct bearing on the programmes and activities of the Legislature including:

- Evidence and Information Before the Eastern Cape Provincial Legislature Act, 2007 (Act No 4 of 2009)
- Financial Management of Parliament and Provincial Legislature Act, 2009 (Act No 10 of 2009)
- Remuneration of Public Office Bearers Act, 1998 (Act No 20 of 1998)
- Mandating Procedures of Provinces Act, 2008 (Act No 52 of 2008)
- Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004 (Act No 4 of 2004)
- Public Finance Management Act, 1999 (Act No 1 of 1999)
- Basic Conditions of Employment Act, 1997 (Act No 75 of 1997)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Employment Equity Act, 1998 (Act No 55 of 1998)

- Skills Development Act 1998 (Act No 97 of 1998)
- Occupational Health and Safety Act, 1993 (Act No 85 of 1993)

c. Policy Mandates

The business and operations of the Legislature are further regulated by a number of policy directives, including (among others):

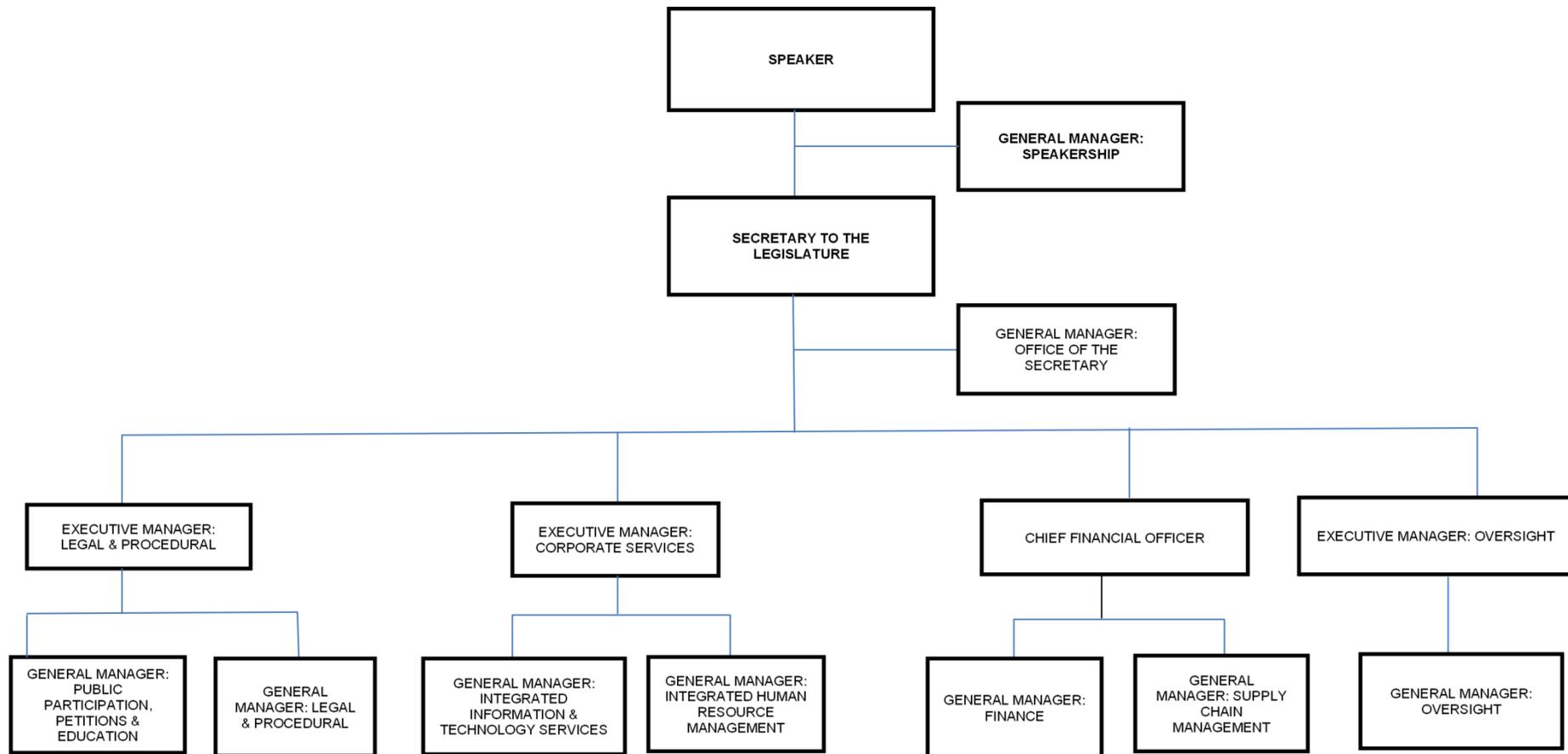
- Standing Rules of the Eastern Cape Legislature which provide for the powers, duties, functions and procedures of different legislature structures.
- Ministerial Handbook, adopted by cabinet on February 7, 2007, which provides for office complements and entitlements for the Speaker and Deputy Speaker.
- Rules and Executive Committee Policy pronouncements relating to matters concerning the Legislature.
- Adopted policies of the Legislature.

d. Relevant Court Rulings

The key court ruling regarding the legislative and policy mandate of the legislature are contained in the judgments of the Constitutional Court in:

- Premier: Limpopo Province v Speaker: Limpopo Provincial Legislature and others (CCT 94/10). [2011] ZACC 25.
- Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (CCT 40/15) [2016] ZACC22.
- United Democratic Movement v Speaker of the National Assembly and Others (CCT 89/17 [2017] ZACC 21.

1.3 Top Management Structure of the Legislature



1.4 Overview of the service delivery environment

The Eastern Cape Provincial Legislature's vision addresses itself to positioning the institution as an effective Peoples Assembly that is responsive to the needs of the people and which is driven by an ideal to realize a better quality of life for all the people of the Province. Our vision is the barometer in creating a Legislature of the people, with people for the people. In the year under review, the Legislature and the National Council of Provinces (NCOP) had a joint initiative of Taking Legislature and Parliament to the People programme; bringing the significance of the two Houses to the people of Buffalo City Metropolitan Municipality and Alfred Nzo Municipality.

Members of Parliament together with Members of the Provincial Legislature had meaningful presence in the Alfred Nzo Municipality and Buffalo City Metropolitan Municipality during pre-visits as well as in the Buffalo City Metropolitan during the Taking Legislature and Parliament to the People Programme. This enabled participants in the Buffalo City Metropolitan Municipality to take part in the national and provincial discussions.

The Legislature continues to call on society to embrace the notion of exchange of views, through Sectoral Parliaments. The invitation to different sectors and openness to debate is keeping with democracy, transparency and public participation. In the year under review Women's Parliament and Youth Parliaments were held respectively. They were aimed at encouraging the spirit of openness among different sectors of our society.

Still on the public participation, the application of the rapporteur system by the public participation and petitions committee had made an enormous contribution in the pace at which petitions are finalised. This system focuses on the decentralisation of the processing of petitions. Members of the Committee were divided according to district municipalities. This allows Members to have plenty of time focusing in one area in order to give meaningful attention in each petition and petitioner. In addition the reporting of petitions by the Committee to the House on quarterly basis had been introduced. During this time, the Committee is provided with an opportunity to report on the progress made in terms of resolving the registered petitions.

The Committee work has been the backbone of the work performed by Members of the Provincial Legislature. To enhance the work they do, in the year under review committees were accorded slots in the institutional programme to consider responses to House Resolutions from departments. This gives the House close monitoring of the implementation of House Resolutions. The programme of the Legislature has grown really big but the co-ordination of institutional programme has improved as a result, clashing in the institutional programme has been minimized.

Information technologies are accelerating at an exponential rate and the Legislature is part of this digital revolution. In the year under review modern technology has been installed in the Chamber to allow Members to access information expeditiously. Digital platforms will continue to play prominent role even in the current financial year as foundational platforms for transformation. FMPPLA requires that the institution establishes effective internal controls in order to practise good corporate governance. The Legislature had established appropriate internal controls that are continuously assessed by the internal auditors and Audit Committee through our risk section.

The major obstacle at present is inadequate funding needed to pursue implementation of some of the key projects. The case in point is the full implementation of the ERP system.

PART B: PERFORMANCE INFORMATION

2.1 Strategic Outcome Oriented Goals

The table below reflects the strategic goals and objectives, which are aligned to the vision of the Legislature. These strategic goals and objectives serve as the measuring tool against the performance of the Institution.

Strategic Goal 1:	Strengthened oversight role of the legislature
Strategic Objective 1.1:	Full implementation of the Eastern Cape Legislature Oversight Model
Strategic Objective 1.2:	Strengthen relations with constitutional organs and relevant stakeholders
Strategic Goal 2:	Effective Law Making
Strategic Objective 2.1:	Effective participation of the legislature in the national law making processes
Strategic Objective 2.2:	Enhance the capacity of the legislature to make, amend and pass laws
Strategic Goal 3:	Deepened participatory democracy
Strategic Objective 3.1	Enhance the mechanisms to promote public involvement in government processes
Strategic Objective 3.2:	Coordinate and streamline constituency work into the legislature programme
Strategic Goal 4	Strengthened good governance
Strategic Objectives 4.1:	Sound corporate governance through effective internal control environment.
Strategic Objectives 4.2:	Provision of adequate strategic and technical support to achieve organizational goals

2.2 Performance Information by Programme

Programme performance information gives a performance barometer of the Legislature in terms of providing a report based on how the institution is performing against the set strategic goals and objectives. This information is useful for effective management and leadership in relation to planning and budgeting. Performance information of the Legislature is contained in Part B of the Annual Report.

PROGRAMME 1: ADMINISTRATION

2.3 Programme 1: Administration

2.3.1 Office of the Speaker

Strategic Objective		Strengthen relations with constitutional organs and relevant stakeholders			
Performance Indicator		Reporting period	Actual performance against targets		
			2016/17	Actual	Deviation Explanation
1	Reports on engagements with Institutions supporting democracy compiled	Quarterly	2 reports on engagements with Institutions with supporting democracy compiled	1 report on engagements with Institutions with supporting democracy compiled	The programme of the Legislature was changed to allow more time for the Presiding Officers to conduct direct interaction with communities hence planned activities were postponed or cancelled.
2	Reports on outreach programmes compiled	Quarterly	2 reports on outreach programmes compiled	2 reports on outreach programmes compiled	-
3	Reports on Speakers' forums compiled	Quarterly	4 reports on Speakers' Forums compiled	4 reports on Speakers' Forums compiled	-
4	Reports on international engagements compiled	Quarterly	1 report on International engagements compiled	1 report on International engagements compiled	-
5	Reports on engagements with internal and external stakeholders compiled	Quarterly	4 reports on Internal and External Stakeholders compiled	2 reports in Internal and External Stakeholders compiled	The programme of the Legislature was changed to allow more time for the Presiding Officers to conduct direct interaction with communities hence planned activities were postponed or cancelled.

Strategic Objective		Enhance the mechanisms to promote public involvement in government processes			
6	Reports on media strategies employed to interact with the public	Quarterly	4 reports on media strategies employed to interact with the public	4 reports on media strategies employed to interact with the public	-

2.3.2 Office of the Secretary

2.3.2.1 Office support to the Secretary

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator	Reporting period	Annual Target 2016/17	Actual performance against target		
			Actual	Deviation Explanation	
1	Management reports to the Executive Committee compiled	Quarterly	11 Management reports to the Executive Committee compiled	6 Management reports to the Executive Committee compiled	Competing Legislature and Sector programmes led to the postponement of some of the EXCO meetings.
2	Reports to Rules Committee compiled	Quarterly	4 reports to Rules Committee compiled	3 reports to Rules Committee compiled	Competing Legislature and Sector programmes led to the postponement of some of the rules meetings
3	Reports on management engagements compiled	Quarterly	4 reports on management engagements compiled	4 reports on management engagements compiled	-
4	Reports on engagement with parliamentary association compiled	Quarterly	4 reports on engagement with parliamentary association compiled	4 reports on engagement with parliamentary association compiled	-

2.3.2.2 Strategy, Policy, Monitoring and Evaluation

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting Period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Institutional plans developed	Annually	Five Year Strategic Plan reviewed	Five Year Strategic Plan reviewed	-
		Annually	Annual Performance Plan Developed	Annual Performance Plan Developed	-
		Annually	Operational Plan developed	Operational Plan developed	-
2	Performance reports compiled	Quarterly	4 quarterly reports compiled	4 quarterly reports compiled	-
		Annually	Annual Performance Report compiled	Annual Performance Report compiled	-
		Annually	Half year report compiled	Half year report compiled	-
3	Organizational policies approved	Annually	ECPL Policy Speech compiled	ECPL Policy Speech compiled	-
			10 organizational policies approved	7 organizational policies approved	The remaining draft policies are waiting for adoption of the Rules Committee

2.3.2.3 Employee Relations

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Actual performance against target	Actual performance against targets		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Awareness sessions towards creating a conducive work environment conducted	Quarterly	4 training sessions conducted to create a conducive environment	4 training session were conducted to create a conducive environment	-
2	Reports on employer-employee relations compiled	Annually	1 report on collective bargaining processes compiled	1 report on Collective Bargaining processes compiled	-
		Bi-annually	2 reports on disciplinary and dispute processes compiled	2 reports on disciplinary and dispute processes compiled	-

2.3..4 Special Programmes and Wellness Unit

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting Period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on the promotion of healthy lifestyle compiled	Quarterly	4 reports on counselling services compiled	4 reports on counselling services compiled	-
		Quarterly	4 reports on the promotion and awareness of healthy lifestyle compiled	4 reports on the promotion and awareness of healthy lifestyle compiled	-
2	Reports on health and safety audit compiled	Quarterly	4 reports on health and safety audit compiled	4 reports on health and safety audit compiled	-
3	Reports on special programmes mainstreaming compiled	Quarterly	4 reports on special programmes mainstreaming compiled	4 reports on special programmes mainstreaming compiled	-

2.3.3 Financial Management
2.3.3.1 Finance

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Consolidated Legislature budget produced	Quarterly	1 Budget for 2017/18 consolidated	1 Budget for 2017/18 consolidated	-
		Quarterly	Adjustment estimate budget for 2016/17 consolidated	Adjustment estimate budget for 2016/17 consolidated	-
			Approved 2016/17 adjusted budget loaded on BAS	Approved 2016/17 adjusted budget loaded on BAS	-
Strategic Objective		Sound corporate governance through effective internal control environment			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
2	Financial resources monitored	Quarterly	12 IYM reports submitted to Treasury	12 IYM reports submitted to Treasury	-
		Annually	Annual cash flow projections submitted to Treasury	Annual cash flow projections submitted to Treasury	-
		Quarterly	12 monthly cash flow projections submitted to Treasury	12 monthly cash flow projections submitted to Treasury	-
		Annually	AFS for 2015/16 submitted to Treasury and Auditor General	AFS for 2015/16 submitted to Treasury and Auditor General	-
		Quarterly	2016/17 Quarterly AFS submitted to Treasury	2016/17 Quarterly AFS submitted to Treasury	
		Quarterly	12 monthly average payment reports submitted to Treasury	12 monthly average payment reports submitted to Treasury	-

2.3.3.2 Supply Chain Management

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Annual Procurement Plan Consolidated	Annually	1 Annual Procurement Plan consolidated	1 Annual Procurement Plan consolidated	
		Quarterly	12 procurement reports compiled	12 procurement reports compiled	
2	Updated contract register reports compiled	Quarterly	12 monthly updated contract register reports compiled	12 monthly updated contract register reports compiled	-
3	Updated asset register produced	Quarterly	12 updated asset register produced	12 updated asset register produced	-
		Bi-annually	2 asset counts completed	1 Asset Count completed	Due to delay in finalising Asset Evaluation exercise, mid-year count not conducted.
		Quarterly	12 monthly inventory count records and reconciliations submitted	12 monthly inventory count records and reconciliations submitted	-
4	Reports on vehicle insurance, usage and tracker systems compiled	Quarterly	4 reports on vehicle insurance, usage and tracker systems compiled	4 reports on vehicle insurance, usage and tracker systems compiled	-
5	Reports on orders issued, invoices received and submitted for payments	Quarterly	12 reports on orders issued, invoices received and submitted for payments	12 reports on orders issued, invoices received and submitted for payments	-

2.3.3.3 Risk Management and Compliance

Strategic Objective		Sound corporate governance through effective internal control environment			
Performance Indicator		Reporting period	Annual Target 2016/17	Actual performance against target	
				Actual	Deviation Explanation
1	Risk management plan implemented	Annually	1 updated risk assessment report developed	1 updated risk assessment report developed	-
			1 update fraud risk assessment report developed	1 update fraud risk assessment report developed	-
			4 Risk Committee reports submitted	4 Risk Committee reports submitted	-
2	Implementation of Audit Committee recommendations monitored	Quarterly	6 Audit Committee reports compiled	8 Audit Committee reports compiled	There were additional meetings required for further engagement between Audit Committee and Management to follow up on key challenges within the institution.
3	Implementation of internal and external audit recommendations monitored	Annually	1 Audit Improvement Plan developed	1 Audit Improvement Plan developed	-

2.3.4 Integrated Human Resource Management

2.3.4.1 Organizational Development and Human Resource Development

Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on implementation of HR plan compiled	Quarterly	4 reports on MPLs HRD programme compiled	4 reports on MPLs HRD programme compiled	-
			4 reports on implementation of organizational and human resource development compiled	4 reports on implementation of organizational and human resource development compiled	-

2.3.4.2 Human Resource Management

Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on human resource acquisition compiled	Quarterly	4 reports on human resource acquisition compiled	4 reports on human resource acquisition compiled	-
2	Annual financial disclosure reports compiled	Quarterly	4 annual financial disclosure reports compiled	4 annual financial disclosure reports compiled	-
3	Personnel records management reports compiled	Quarterly	4 personnel records management reports compiled	4 personnel records management reports compiled	-
4	PERSAL system control and monitoring reports compiled	Quarterly	4 PERSAL system control and monitoring reports compiled	4 PERSAL system control and monitoring reports compiled	-
5	Reports on provision of employee benefits compiled	Quarterly	4 reports on provision of employee benefits compiled	4 reports on provision of employee benefits compiled	-

2.3.5 Integrated Information and Technical Services

2.3.5.1 Information Technology

Strategic Objective			Sound corporate governance through effective internal control environment		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Monitoring reports on ICT contracts compiled	Quarterly	4 Monitoring reports on ICT contracts compiled	4 Monitoring reports on ICT contracts compiled	-
Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
2	Reports on the implementation of the ICT Governance Framework	Quarterly	4 reports on the implementation of ICT Governance Framework	4 reports on the implementation of ICT Governance Framework	-
3	Reports on provision of ICT connectivity compiled	Quarterly	4 Reports on provision of ICT connectivity compiled	4 Reports on provision of ICT connectivity compiled	-

2.3.5.2 Library and Archive Services

Strategic Objective			Sound corporate governance through effective internal control environment		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Monitoring reports on library and archive services contracts compiled	Quarterly	4 Monitoring reports on library and archives services contracts compiled	4 Monitoring reports on library and archives services contracts compiled	-
Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
2	Reports on library and archive services compiled	Quarterly	4 reports on library and archive services compiled	4 reports on library and archive services compiled	-
3	Reports on partnerships entered into with information agencies compiled	Quarterly	4 reports on partnerships entered into with information agencies compiled	4 reports on partnerships entered into with information agencies compiled	-

2.3.5.3 Safety and Security Services

Strategic Objective		Sound corporate governance through effective internal control environment.			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on security services compiled	Quarterly	4 reports on security services compiled	4 reports on security services compiled	-
2	Reports on partnerships entered into with security agencies	Quarterly	4 reports on partnerships entered into with security agencies	4 reports on partnerships entered into with security agencies	-
3	Reports on security awareness programmes compiled	Bi-Annually	2 reports on security awareness programmes compiled	2 reports on security awareness programmes compiled	-
		Quarterly	4 reports on security risks reports compiled	4 reports on security risks reports compiled	-

2.3.5.4 Office Support and Household

Strategic Objective		Sound corporate governance through effective internal control environment.			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Monitoring reports on office support and household services contracts compiled	Quarterly	4 monitoring reports on office support and household services contracts compiled	4 monitoring reports on office support and household services contracts compiled	-
Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
2	Reports on management of facilities for a conducive and safe working environment compiled	Quarterly	4 Reports on management of facilities for a conducive and safe working environment compiled	4 Reports on management of facilities for a conducive and safe working environment compiled	-

**POGRAMME 2: ENABLING
FACILITIES AND BENEFITS FOR
MEMBERS AND POLITICAL
PARTIES**

2.4. Programme 2: Enabling Facilities and Political Parties

2.4.1 Facilities and Benefits for Members

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on support provided to MPLs compiled	Quarterly	4 reports on support provided to MPLs compiled	4 reports on support provided to MPLs compiled	-
Strategic Objective		Coordinate and streamline constituency work into the legislature programme			
2	Reports on management of financial affairs of political parties	Quarterly	4 reports on management of financial affairs of political parties	4 reports on management of financial affairs of political parties	-
3	Reports on Constituency offices compiled	Biannually	2 reports on Constituency offices compiled	2 reports on Constituency offices compiled	-

PROGRAMME 3: PARLIMENTARY SERVICES

2.5 Programme 3

2.5.1 Oversight services

2.5.1.1 Committees

Strategic Objective		Full implementation of the Eastern Cape Legislature oversight model			
Performance Indicator	Reporting period	Actual performance against target			
		Annual Target 2016/17	Actual	Deviation Explanation	
1	Reports considered by portfolio committees	Annually	14 Budget Votes, APPs and Strategic Plans considered by Portfolio Committees	14 Budget Votes, APPs and Strategic Plans considered by Portfolio Committees	-
		Annually	14 Annual Reports of various government departments considered by Portfolio Committees	14 Annual Reports of various government departments considered by Portfolio Committees	-
		Annually	14 Financial Oversight Reports of various government departments considered by Portfolio Committees	14 Financial Oversight Reports of various government departments considered by Portfolio Committees	-
2	Reports on Audit Reports considered by the Standing Committee on Public Accounts (SCOPA)	Annually	1 report on Audit Reports considered by the Standing Committee on Public Accounts (SCOPA)	1 report on Audit Reports considered by the Standing Committee on Public Accounts (SCOPA)	-
3	Reports on Portfolio Committee oversight visits produced	Quarterly	10 reports on Portfolio Committee oversight visits produced	11 reports on Portfolio Committee oversight visits produced	More Portfolio Committee Oversight visits were conducted in preparation for Taking Legislature to the People
4	Reports on Committee of Chairpersons engagements coordinated	Quarterly	4 reports on Committee of Chairpersons engagements coordinated	4 reports on Committee of Chairpersons engagements coordinated	-
5	International study tours undertaken by Portfolio Committees	Quarterly	4 International study tours undertaken by Portfolio Committees	1 International Study Tour undertaken by Portfolio Committees	Some of the requests that were made were turned down by the host countries, and as a result some of the planned international study tours could not take place.

Strategic Objective		Full implementation of the Eastern Cape Legislature oversight model			
Performance Indicator	Reporting period	Actual performance against target			
		Annual Target 2016/17	Actual	Deviation Explanation	
Strategic objective		Enhance the capacity of the Legislature to make, amend and pass laws			
6	Bills considered by Portfolio Committees	Quarterly	3 Provincial Bills considered by Portfolio Committees	3 Provincial Bills considered by Portfolio Committees	
			8 NCOP Bills considered by Portfolio Committees	Only 2 NCOP Bills considered by Portfolio Committees	Only 2 NCOP Bills were referred to the Legislature during the period under review

2.5.1.2 Research

Strategic Objective		Full implementation of the Eastern Cape Legislature oversight model			
Performance Indicator	Reporting period	Actual performance against target			
		Annual Target 2016/17	Actual	Deviation Explanation	
1	Research reports analysis on departmental performance produced	Annually	14 Budget analysis reports produced	14 Budget analysis reports produced	-
		Annually	14 reports analyses on House resolutions	14 reports analyses on House resolutions	-
		Annually	14 half year financial oversight reports analyses produced	14 half year financial oversight reports analyses produced	-
		Annually	14 Annual reports analyses produced	14 Annual reports analyses produced	-
2	Research reports on site visits produced	Quarterly	168 research reports on site visits produced	235 research reports on site visits produced	More research reports were required due to an increase in number of schools participating in the school visit programme.
3	Public outreach research reports produced	Annually	1 Public outreach research report produced	1 Public outreach research report produced	-
4	Reports on Focus Intervention research services produced	Bi-annually	2 focused intervention study reports produced	2 focused intervention study reports produced	-

2.5.1 Public Participation and Communications

2.5.2.1 Public Participation and Petitions

Strategic Objective			Enhance the mechanisms to promote public involvement in legislative and other activities of the Legislature		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on Sectoral Parliaments compiled	Quarterly	4 reports on Sectoral Parliaments compiled	4 reports on Sectoral Parliaments compiled.	-
2	Reports on Petitions compiled	Quarterly	4 reports on petitions compiled	4 reports on petitions compiled.	-
3	Reports on Public education programmes compiled	Quarterly	4 reports on public education programmes compiled	4 reports on public education programmes compiled.	-
4	Reports on Public Hearings compiled	Quarterly	4 reports on public hearings compiled	4 reports on public hearings compiled.	-

2.5.2.2 Communications

Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on publicity of the Legislature produced	Quarterly	4 reports on publicity of the Legislature produced	4 reports on publicity of the Legislature produced	-
2	Reports on branding of the Legislature produced	Quarterly	4 reports on branding of the Legislature produced	4 reports on branding of the Legislature produced	-
3	Reports on marketing of the Legislature produced	Quarterly	4 reports on marketing of the Legislature produced	4 reports on marketing of the Legislature produced.	-
4	Reports on facilitation of internal communications produced	Quarterly	4 reports on facilitation of internal communications produced	4 reports on facilitation of internal communications produced	-
5	Reports on social media interventions produced	Quarterly	4 reports on social media interventions produced	4 reports on social media interventions produced.	-

2.5.3 Law Making

2.5.3.1 House Proceedings

Strategic Objective			Provision of adequate strategic and technical support to achieve organizational goals		
Performance Indicator		Reporting period	Actual performance against target		
			Annual Target 2016/17	Actual	Deviation Explanation
1	Reports on documents prepared and distributed to facilitate house sittings	Quarterly	4 Reports on documents prepared and distributed for House sittings	4 Reports on documents prepared and distributed for House sittings	-
2	Legislature programme updated	Quarterly	44 Legislature Programs updated	44 Legislature Programs updated	-
			8 Programming Committee meetings supported	8 Programming Committee meetings supported	-
3	House Resolutions communicated to departments	Quarterly	39 sets of House Resolutions communicated to departments	54 sets of House Resolutions communicated to departments	There were more reports considered due to the SCOPA reports, School visits report & PPP Committee report that were tabled for consideration
4	Departmental responses to House Resolutions tracked	Quarterly	39 Departmental responses tracked	40 departmental responses tracked	There were more reports considered due to the SCOPA reports, School visits report & PPP Committee report that were tabled for consideration
5	Documents received from Departments for tabling in the House (i.e. Annual Performance Plans and Annual Reports)	Quarterly	28 documents received from Departments for tabling	28 documents received from Departments for tabling	-

2.5.3.2 Hansard and Language services

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Annual Target 2016/17	Actual performance against target	
				Actual	Deviation Explanation
1	Reports on Transcripts of House debates compiled	Quarterly	4 Reports on Transcripts of House debates compiled	4 Reports on Transcripts of House debates compiled	-
2	Reports on Translated versions of Order Papers and Minutes produced	Quarterly	4 Reports on Translated versions of Order Papers and Minutes produced	4 Reports on Translated versions of Order Papers and Minutes produced	-
3	Reports on provision of interpretation services to House Sittings and Institutionalised days	Quarterly	4 Reports on provision of interpretation services to House Sittings and Institutionalised days	4 Reports on provision of interpretation services to House Sittings and Institutionalised days	-
4	Reports on Members Question Papers formulated	Quarterly	4 reports on Members Question Papers formulated	4 reports on Members Question Papers formulated	-

2.5.3.3 National Council of Provinces (NCOP)

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Annual Target 2016/17	Actual performance against target	
				Actual	Deviation Explanation
1	Reports on NCOP-ECPL activities produced	Quarterly	4 Reports on NCOP-ECPL activities produced	4 Reports on NCOP-ECPL activities produced	-
2	Reports on Provincial Weeks produced	Annually	2 reports on Provincial weeks produced	1 Reports on Provincial Week produced	Only 1 Provincial Week Programme was conducted by the NCOP
Strategic Objective		Effective participation of the legislature in the national law making processes			
3	Reports on NCOP Bills processed	Quarterly	4 Reports on NCOP Bills processed	4 Reports on NCOP Bills processed	-
4	Reports on Budget votes produced	Annually	1 report on budget votes produced	1 Report on Budget votes produced	-

2.5.3.4 International Relations, Protocol and Ceremonial Services

Strategic Objective		Provision of adequate strategic and technical support to achieve organizational goals			
Performance Indicator		Reporting period	Annual Target 2016/17	Actual performance against target	
				Actual	Deviation Explanation
1	Reports on International Relations coordinated	Quarterly	4 reports on international relations coordinated	4 reports on international relations coordinated	-
2	Reports on Protocol and Ceremonial services provided	Quarterly	4 reports on protocol and ceremonial services provided	4 reports on protocol and ceremonial services provided	-

2.5.4 Legal Services

Strategic Objective		Enhance the capacity of the Legislature to make, amend and pass laws			
Performance Indicator		Reporting period	Annual Target 2015/16	Actual performance against target	
				Actual	Deviation Explanation
1	Bills facilitated for consideration by the Legislature	Quarterly	20 Bills facilitated for consideration by the Legislature	19 Bills facilitated for consideration by the Legislature	The NCOP transmitted fewer Bills for consideration to the Provinces.
		Quarterly	5 Provincial Bills facilitated for consideration by the Legislature	7 Provincial Bills facilitated for consideration by the Legislature	The work of the Ad-Hoc Committee on Law Review greatly improved, resulting in more Bills than anticipated.
Strategic objective		Provision of adequate strategic and technical support to achieve organizational goals			
2	Legal opinions provided	Quarterly	16 legal opinions provided.	16 legal opinions provided	-
3	Litigation matters dealt with	Quarterly	4 litigation matters dealt with	4 litigation matters dealt with	-
4	Legal contracts compiled	Quarterly	10 contracts compiled	10 contracts compiled	

PART C: GOVERNANCE

PART C: GOVERNANCE

REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2017

General review of the state of financial affairs

The Legislature continues to be regulated by the Financial Management of Parliament and Provincial Legislatures Act, No 10 of 2009. In the year under review a budget of R481.9 million was allocated and was later adjusted to R497.3 million. The budget was utilised effectively to drive implementation of the key programmes of the Eastern Cape Legislature which are outlined below.

Major Projects

In the year under review various projects and programmes were implemented supported by the budget allocated and these include:-

- a. Development and approval of the new organogram structure
- b. Migration from modified cash standards to Generally Recognised Accounting Practice-GRAP
- c. Upgrade of the ECPL Chamber ICT Infrastructure
- d. Voter education programme
- e. Sectoral parliaments (Youth and Women's Parliaments)
- f. International study tours
- g. Schools visit programme
- h. Oversight work of committees
- i. Training and development of MPLs and staff
- j. Raymond Mhlaba Annual Memorial Lecture
- k. Joint Taking Legislature/Parliament to the People in Buffalo City Metropolitan Municipality, East London
- l. State of the Province Address

Risk Management

Efforts to improve controls within the environment of the administrative arm of the Legislature were strengthened. Internal Audit function remains an outsourced function.

Employee Relations

Several awareness sessions on labour relations were held for employees, shop stewards and management to ensure sound labour relations and to enhance productivity in the Legislature. Labour-Management forum continued to create a climate conducive for negotiations and collective bargaining in the Institution. Through these engagements the Legislature has not experienced industrial action in the year under review.

Committee Visits

During the period under review, Portfolio Committees produced ten (11) reports on oversight visits which were spread across the Province. Portfolio Committees also participated on the pre-visits in preparation for the “Taking Legislature to the People” event which was held in East London in November 2016. The following Portfolio Committees were part of these visits: (1) Education (2) Health (3) Social Development (4) Human Settlements (5) Economic Development (6) Roads and Public Works (7) Rural Development and Agrarian Reform.

Law making

The Legislature continued to participate in processing national legislation. It has processed 19 Bills referred by National Parliament to the Legislature and successfully conferred negotiating and final mandates to its National Council of Provinces (NCOP) delegation on Section 76 Bills. The Legislature in line with its constitutional mandate to make and pass laws considered and passed 08 provincial Bills. Furthermore, the process of repeal of old and obsolete legislation by the Ad-Hoc Committee on Law Review resulted in the repeal of 29 pieces of legislation which were obsolete.

Expenditure

The Legislature has spent 97.2% of its adjusted budget resulting in under spending of R13.803 million. The areas of under spending include compensation of employees, goods and services and transfer payments however; due to the accrual basis of accounting being applied this amount is further reduced by accruals in the financial statements.

Programme	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	%
Administration	176 693	-	176 693	170 940	5 753	96.7%
Facilities for Members and Political Parties	142 541	370	142 911	141 775	1 136	99.2%
Parliamentary Services	111 228	(370)	110 858	108 169	2 689	97.6%
Direct Charge	66 892	-	66 892	62 667	4 225	93.7%
TOTAL	497 354	-	497 354	483 551	13 803	97.2%

The under spending can be attributed to the following:

- Projected salary adjustments for Members of the Provincial Legislature were not granted for in the year under review resulting in under spending against the Direct Charge. In addition, filling of funded vacancies delayed as the Legislature was implementing a new organogram which required development of job profiles and grading of posts.

- The expenditure on goods and services was affected by challenges experienced at year end with the upgrade of the financial system BAS and these continued into the new financial year further delaying payments.
- Transfer payments to political parties under spent due to the funds not fully requested political parties by 31 March 2017.

Supply chain management

The structure of the SCM unit has been enhanced in the revised organogram to build the capacity of the function and ensure increased compliance with SCM prescripts and regulations. A process to review the job profiles for all the positions is underway as all functions must respond to the requirements of FMPPLA and SCM regulations.

The implementation of a GRAP compliant fixed asset register is still work in progress as provided for by Directive 8, and by 31 March 2018 the reporting on assets will be fully GRAP compliant. Intensive training is planned in-year to equip the asset management unit accordingly. The post of Senior Manager for Asset Management, Fleet and Logistics was vacated in the month of February 2017 and the recruitment process for filling of the post is underway.

Information and Communication Technology (ICT)

The ICT infrastructure of the Chamber was upgraded to replace existing redundant equipment and to upgrade the technology for the Video and Audio system including the new Members Application and functions. High Definition equipment (HD) was installed to enhance video recordings and projected presentations in the Chamber. The upgrade also made provisions for a transcriber system which allows the Legislature to do transcribing in-house.

Events after the reporting date

There are the following non-adjusting events after the reporting date:-

- Assets were disposed of through sale after year end;
- A contract for cellular phones was entered into by the Legislature with Vodacom;
- Irregular expenditure for the contract awarded to Dimension Data for the upgrade of the Chamber was subsequently condoned in full after the reporting date.

SCOPA resolutions

The Legislature appeared before SCOPA in the year under review and the following resolutions were received:-

No.	Finding	Recommendation	Status
1.	Irregular expenditure amounting to R2 191 000 million was incurred by the Legislature for the year ended 31 March 2016	- Develop an implementation plan to clear irregular expenditure incurred. Consequence management must be applied in cases where there is failure to comply	<p>i. The EC Legislature is required to ensure compliance with FMPPLA, Act no.10 of 2009 and in that regard had to migrate from Modified Cash Standard (MCS) to Generally Recognised Accounting Practices (GRAP). In order to achieve this, a decision was taken to participate on an existing contract awarded to Altimax, which contract was utilised by other legislatures. This contract was found to be irregular by the Auditor General in the 2015/16 audit. After consideration of the root cause of the non-compliance the procurement was condoned.</p> <p>ii. In strengthening internal controls in the supply chain management processes the filling of the post of General Manager: SCM was prioritised during the past financial year.</p> <p>iii. New Bid Committees have since been appointed and were provided with training prior to assuming responsibilities. Further training has been identified which will focus on broader understanding of SCM prescripts, development of specifications and evaluation of tenders.</p> <p>iv. The filling of other vacancies in SCM will be fast tracked in the current financial year.</p>
2.	Deviations were approved by the Accounting Officer, even though it was not impractical to invite competitive bids, in contravention of Parliament SCM Regulation 6(3)(e)	v. Accounting Officer to ensure compliance with the Parliament Supply Chain Management Regulation 6(3)(e)	<p>vi. Compliance with laws and regulations is promoted through the delegations framework.</p> <p>vii. Where deviations are approved it is ensured that they are supported by regulations or valid reasons in the memo of procurement approval.</p> <p>viii. Review of SCM policies to ensure effective implementation of SCM regulations is underway for completion before end June 2017.</p>
3.	There were	ix. Develop a plan to	x. Supply chain management has

No.	Finding	Recommendation	Status
	weaknesses in the internal control system within the SCM function to ensure compliance with all applicable SCM regulations before goods and services are procured	strengthen the Supply Chain Management control environment.	<p>been included in the Internal Audit plan and this review will assist inform areas of improvement in the SCM environment</p> <p>xi. Provincial Treasury is in the process of conducting SCM assessment and the outcomes of this assessment will also feed into the improvements required.</p> <p>xii. The current focus is on building human capacity in terms of filling critical vacancies with competent people and enhance this with skills development.</p>

Organizations to whom transfer payments have been made

Transfer payments were made to the political parties listed below in line with the policy provisions on administration of funding for political parties.

- African National Congress
- Democratic Alliance
- United Democratic Movement
- Economic Freedom Fighters
- Congress of the People
- African Independent Congress

Programme and budget structure

The organogram structure of the Eastern Cape Legislature was reviewed and subsequently amended in the year under review. The changes in the organogram structure did not result in changes in the programme and budget structures.

Interim financial statements

In accordance with the provisions of FMPPLA, No 10 of 2009, the Accounting Officer produced monthly financial statements and submitted accordingly to the Executive Authority. Internal Audit reviewed the financial statements on a quarterly basis to inform improvements in the internal control environment and reporting requirements of the Legislature. The financial statements were prepared in accordance with standards of GRAP.

Challenges facing the Legislature

The Legislature is mandated by FMPPLA to prepare its financial statements in accordance with standards of GRAP. The legacy systems of finance, that is BAS and PERSAL, are based on cash standards and the financial statements are currently prepared through these systems. In order to be compliant to GRAP, a process of manually converting the financial statements from modified cash to accrual accounting has to be

undertaken. There are inherent risks of human error in this process as it requires revision of audited prior year figures as well as compilation of figures for the year under review.

An adequate ERP system is therefore essential to the Legislature to ensure an integrated system of accounting and reporting. An adequate ICT infrastructure must be in place for the implementation of adequate ERP system. This would also ensure improved audit outcomes. The budget provided is not adequate to support the business objectives of the Legislature as the ERP must be supported by adequate ICT infrastructure.

New or proposed activities

There are no new or proposed activities

Prior Modifications to Audit reports

There were no prior year modifications done on the Audit reports.

Internal Audit Unit

The Legislature has an outsourced Internal Audit Function. This is an independent, objective body set up to add value and improve the institution's operations. The internal audit function has been operating in accordance with the approved three-year risk based internal audit rolling plan, which was completed in consultation with Management and approved by the Audit Committee.

The internal audit function reports administratively to the Accounting Officer and functionally to the Audit Committee as per its terms of reference which were reviewed and adopted by the Audit Committee. The internal audit function has undertaken assignments and submitted reports on the basis of the Internal Audit Plan. The unit has reported on the internal audit recommendations to the Accounting Officer and the Audit Committee based on the work performed in terms of its coverage plan.

Acknowledgements and appreciation

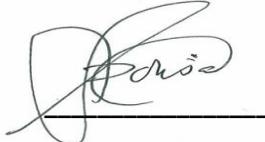
The contribution of the Rules Committee, the Executive Committee, the Legislature Oversight Committee, management and staff, Internal Audit, Audit Committee and Auditor General is hereby acknowledged.

Conclusion

The Legislature is committed to building and strengthening its corporate governance structures and improving its internal control environment to maintain a clean administration. The process of reviewing policies for full alignment with FMPPLA and GRAP where relevant is nearing completion.

Approval and sign-off

The Annual Financial Statements as set out on pages 82 to 143 have been approved by the Accounting Officer.

A handwritten signature in black ink, appearing to read 'V Mapolisa', is written over a solid black horizontal line.

V MAPOLISA

SECRETARY TO THE LEGISLATURE

ACCOUNTING OFFICER

3.10 REPORT OF THE AUDIT COMMITTEE

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

3.10.1 Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets at least four (4) times per annum as per its approved terms of reference. During the current year nine (9) meetings were held. The members and their attendance of the meetings held are as follows:

Meeting type	No. of meetings
Audit Committee meetings	4
Special Meetings	4
Meetings with Executing Authority	1
Total	9

Name of Member	No. of Meetings Attended
Mr S. Ngqwala (Chairperson from 1 October 2014)	9
Adv. P.V Msiwa (Reappointed 1 October 2014)	8
Mrs T. Cumming (Reappointed 1 October 2014)	8
Mr T. de Beer (Reappointed 1 October 2014)	8

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 48 (1) (a) (i) (ii) (iii), (b), (c) (i) (ii) (iii), (d), (e), 2 (a), (b), (c) (i) and (ii) of the Financial Management of Parliament and Provincial Legislatures Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

In line with FMPPLA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations therefrom. Accordingly, we can report that the system of internal control was not entirely effective for the year under review.

The quality of in year management and monthly/quarterly reports submitted in terms of the FMPPLA and the Division of Revenue Act.

The Audit Committee is satisfied with the content and quality of the quarterly financial reports prepared on the Modified Cash Framework. The Legislature is yet to procure an accounting system to support accrual Accounting. This has resulted in a range of challenges and weaknesses of internal controls to meet the GRAP reporting requirements as required by FMPPLA.

The Audit Committee is satisfied with the content and quality of quarterly performance reports prepared and issued by the Accounting Officer of the Eastern Cape Provincial Legislature during the year under review.

Evaluation of Financial Statements and Annual Performance Report

The Audit Committee has:

- a. reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Accounting Officer;
- b. reviewed changes in accounting policies and practices;
- c. reviewed the unaudited information on predetermined objectives to be included in the annual report;
- d. advised the Accounting Officer that the financial statements may not be free from material misstatements due to the weakness in internal controls during the preparation process; and
- e. reviewed the Eastern Cape Provincial Legislature's compliance with legal and regulatory provisions.

Based on the Audit Committee's review of the Annual Performance Report, the Committee resolved that they can be recommended to the Executive Authority for submission to the Auditor General-South Africa.

The Audit Committee reviewed the unaudited financial statements on the 19th, 29th and 31st May 2017. At the final meeting there were still outstanding material adjustments and Internal Audit reviews required to be made on the financial statements. The Audit Committee recommended that management effect the necessary adjustments and internal audit complete the required reviews prior to submission to the Auditor General-South Africa.

Internal Audit

The Audit Committee is satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the Legislature in its audits.

The Audit Committee has reviewed the following reports submitted by Internal Audit during the year ended 31 March 2017: -

- a. Internal Audit Plan;
- b. Review of Internal Audit and Audit;
- c. Performance Information (quarter one and three);
- d. Oversight function and Public Participation and Petition function follow-up
- e. Review of the Draft Annual Performance Plan and the budgeting process;
- f. Review of the Transfer Payments to Political Parties (quarter 1 to quarter 4);
- g. Follow-up review of Ethics;
- h. Quality Assurance Report on GRAP Conversion;
- i. Key Controls Dashboard/Dashboard;
- j. Review of Draft Annual Performance Report;
- k. Integrated Human Resources;
- l. Legislature Facilities, Records and Security Management;
- m. Internal Audit Support – GRAP Conversion Implementation Project and
- n. Secretarial Services.

The areas of concern to the Audit Committee are as follows:

- a. Ethics, relating to low Ethical culture in the Legislature due to non-submission and late submission of the Disclosure forms.

We have tasked management to improve these weaknesses.



Mr S. Ngqwala
Chairperson of the Audit Committee

PARTD HUMAN RESOURCE MANAGEMENT

**Human Resource Management
Service Delivery**

Table 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Management and implementation of Integrated Human Resource Management policies	MPLs, all staff members and NEHAWU	MPLs and Staff members and NEHA WU	Ensure effective and efficient implementation and management of IHRM policies	Integrated Human Resource Management policies implemented
Recruitment and selection	All staff members and applicants	Employees	Ensure that all budgeted vacant posts are filled.	20 posts have been filled
Management of conditions of service	MPLs and staff members	MPLs and Staff members	Ensure effective and efficient implementation of all employees' and MPLs' conditions of service.	Conditions of service for MPLs and staff have been implemented effectively and sufficiently
Human Resource Development	MPLs and staff members	MPLs and all staff members	Training of MPLs and all levels of staff members	Training of MPLs and staff members in all levels has been implemented.
Development, review and implementation of all HR Policies	MPLs and staff members	MPLs and Staff members	Ensure that all policies are developed, reviewed and implemented	All HR policies have been implemented

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
General meetings with staff members and management	Employees and employers	Organised Labour, staff members and managers	Meetings with organised Labour and staff members when need arises
Education and awareness programmes	All staff members	Organised Labour, staff members and managers	Wellness programmes

Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
<i>Consultation with Managers, organised labour, Executive Committee and Rules Committee on policy development</i>	Consultations between managers, organised labour, Executive Committee and Rules Committee on policy development has taken place

Table 1.4 – Service information tool

Types of information tool	Actual achievements
Human Resource Plan	Development of the HR Plan for 2015-2019

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
<i>Labour Relations, Secretariat and Legal unit</i>	Complaints are channelled through Employee Relations Office and investigated for substance. In the event that they are referred for enquiry Legal Unit is required to lead the evidence.

Expenditure

TABLE 2.1 – Personnel costs by programme, 2016/17

Programme	Total Voted Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Personnel cost as a percentage of total expenditure	Average personnel cost per employee (R'000)	Total no of Employment
Programme 1	130 789	108408	2 465	83	253	163
Programme 2	51 982	32842	0.00	63	143	57
Programme 3	130 941	73775	0.00	56	79	79
Members	89 026	61825	0.00	69	173	52
Total	402 738	276850	2 465	69	648	351

TABLE 2.2 – Personnel costs by salary bands, 2016/17

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R')
Interns	0	0	0
Lower skilled (Grade 2-5)	3 733	1.29	466 670
Skilled (Grade 6-8)	35 100	12.15	412 945
Highly skilled production (Grade 9-12)	175 873	60.88	841 496
Management (Grade 14-22)	65 237	22.58	1 164 949
Total	279 943	96.90	781 965

This is inclusive of Support staff to MPLs

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2016/17

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	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	97017	65.7	583	0.6	6349	6.3	4459	4.4
Programme 2	29438	74.9	0	0	1972	16.7	1432	12.2
Programme 3	68252	66.6	596	0.6	3052	3.1	1875	1.9
Total	194707	68.2	1179	0.4	11373	3.9	8673	2.7

This is inclusive of Support staff to MPLs

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2016/17

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	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
Interns	0	0	0	0	0	0	0	0
Lower skilled (Grade 2-5)	5304	61.2	267	7.1	2071	55.0	1759	46.7
Skilled (Grade 6-8)	21833	61.7	336	0.9	2786	7.9	1934	5.5
Highly skilled production (Grade 9-12)	104630	67.1	576	0.3	4616	2.6	3001	1.7
Management (Grade 14-22)	62940	74.4	0	0	1900	2.7	1072	1.5
Total	194707	68.2	1179	0.4	11373	3.9	7766	2.7

This is inclusive of Support staff to MPLs and Interns

Employment and vacancies

TABLE 3.1 – Employment and vacancies by programme, 31 March 2017

Programme	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
Administration	383	246	36	0
Public offices (Support Staff)	55	55	0	55
Remuneration of elected public representatives	52	52	0	52
Total	489	353		107

NB: This number is inclusive of Political Office Bearers and the support staff to MPLs

TABLE 3.2 – Employment and vacancies by critical occupation, 31 March 2017

Salary band	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
Lower skilled (Grade 1-5)	126	66	48	0
Skilled (grade 6-8)	73	36	51	0
Highly skilled production (Grade 9-12)	137	104	24	0
Highly skilled supervision (Grade 13-17)	43	36	16	0
Senior management (Grade 18-21)	4	4	0	0
Total	383	246	36	

TABLE 3.3 – Employment and vacancies by salary band, 31 March 2017

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
Grade 19-22	4	4	0	0
Grade 13-17	43	36	16	0
Grade 9-12	137	104	24	0
Grade 6-8	73	36	51	0
Grade 1-5	126	66	48	0
Total	383	246	64.2	0

Job evaluation

TABLE 4.1 – Job Evaluation, 1 April 2016 to 31 March 2017

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Grade 1-5)	126	0	0	0	0	0	0
Skilled (Grade 6-8)	73	0	0	0	0	0	0
Highly skilled production (Grade 9-12)	137	0	0	0	0	0	0
Highly skilled supervision (Grade 13-17)	43	0	0	0	0	0	0
Senior Management Service (Grade 18-21)	4	0	0	0	0	0	0
Total	383	0	0	0	0	0	0

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2015 to 31 March 2017

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2016 to 31 March 2017 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administration Officer	0	0	0	0
Senior Admin Officer	0	0	0	0
Secretary	0	0	0	0
Accountant	0	0	0	0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 20016/17	0	0	0	0
Percentage of total employment	0	0	0	0

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2016 to 31 March 2017 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employment changes

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017

Salary Band	Employment at Beginning of Period (April 2016)	Appointments	Terminations	Turnover rate%
Lower skilled (Grade s1-5)	67	2	2	3
Skilled (Grade 6-8)	41	0	2	4.9
Highly skilled production(Grades 9-12)	106	5	8	7.5
Highly skilled supervision(Grades 13-17)	37	2	5	13.5
Senior Management (Grades 18-22)	3	1	1	25
Total	254	10	18	7.1

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017

Occupation:	Number of employees per occupation as on 1 April 2016	Appointments	Terminations
Top Management	3	2	1
General Managers	9	0	0
Researchers	16	0	0
Total	28	2	1

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	1	5.55
Resignation	9	50
Expiry of contract	5	27.8
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	3	16.7
Transfers to other Public Service Departments	0	0
Other	0	0
Total	18	100

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Top Management	3	0	0	0	0
General Managers	9	1	11.1	0	0
Committee Coordinators	18	1	5.55	11	61
Researchers	16	0	0	14	88
Total	44	2	4.5	25	56.9

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Grades 1-5)	67	2	3.0	37	55
Skilled (Grade 6-8)	41	3	7.32	27	65.9
Highly skilled production (Grades 9-12)	106	4	3.77	65	61.3
Highly skilled supervision (Grades 14-17)	37	1	2.70	10	27
Senior management (Grades 19-22)	3	0	0	0	0
Total	254	10	3.93	139	54.7

Employment equity

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational categories (SASCO)	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Executive Management (Secretariat)	2	0	0	2	0	2	0	0	2	0	4
Top Management (General Manager)	6	1	0	7	0	1	0	0	1	0	8
Professionally qualified and experienced specialists and mid-management	11	0	0	11	0	15	1	0	16	1	28
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent	40	2	0	42	0	59	0	0	59	3	104
Semi-skilled and discretionary decision making	20	1	0	21	0	33	3	0	36	0	57
Unskilled and defined decision making`	14	0	0	14	0	31	0	0	31	0	45
	93	4	0	97	0	141	4	0	145	4	246

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Executive Management (Secretariat)	2	0	0	2	0	2	0	0	2	0	4
Top Management (General Managers)	6	1	0	7	0	1	0	0	1	0	8
Professionally qualified and experienced specialists and mid-management	11	0	0	11	0	15	1	0	16	1	28
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent	40	2	0	42	0	59	0	0	59	3	104
Semi-skilled and discretionary decision making	20	1	0	21	0	33	3	0	36	0	57
Unskilled and defined decision making`	14	0	0	14	0	31	0	0	31	0	45
TOTAL	93	4	0	97	0	141	4	0	145	4	246

6.3 – Recruitment for the period 1 April 2016 to 31 March 2017

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Executive Management (Secretariat)	0	0	0	0	0	1	0	0	0	0	1
Top Management (General Manager)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	1	0	0	0	0	2
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent	1	0	0	0	0	4	0	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making`	2	0	0	0	0	0	0	0	0	0	2
TOTAL	4	0	0	0	0	6	0	0	0	0	10

6.4 – Promotions for the period 1 April 2016 to 31 March 2017

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Executive Management (Secretariat)	0	0	0	0	0	0	0	0	0	0	0
Top Management (General Manager)	1	0	0	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent	2	0	0	0	0	2	0	0	0	0	4
Semi-skilled and discretionary decision making	1	0	0	0	0	2	0	0	0	0	3
Unskilled and defined decision making	1	0	0	0	0	1	0	0	0	0	2
TOTAL	5	0	0	0	0	5	0	0	0	0	10

6.5 – Terminations for the period 1 April 2016 to 31 March 2017

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Executive Management (Secretariat)	0	0	0	0	0	1	0	0	1	0	1
Top Management (General Manager)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	0	0	2	1	2	0	0	2	0	5
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent	2	0	0	2	0	6	0	0	6	0	8
Semi-skilled and discretionary decision making	1	0	0	1	0	1	0	0	1	0	2
Unskilled and defined decision making	1	0	0	1	0	1	0	0	1	0	2
TOTAL	6	0	0	6	1	11	0	0	11	0	18

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

Description	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	2	0	0	0	1	0	0	0	3

6.7 – Skills development for the period 1 April 2016 to 31 March 2017

Occupational categories	Male				Female				Total
	<i>African</i>	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	19	1	0	1	11	1		1	34
Professionals	4	0	0	0	7	0		0	11
Technicians and associate professionals	4	1	0	0	0	0		0	6
Clerks	45	1	0	0	79	1		3	129
Service and sales workers	2	0	0	0	1	0		0	3
Elementary	7	0	0	0	16	0		0	24
Total	81	4	0	1	114	2		4	207
Employees with disabilities	0	0	0		0	0		1	1

Performance rewards

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2016 to 31 March 2017

Description	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	184	186	99	5 732 189	31 153
Male	100	107	93	3 911 400	35 238
Asian					
Female	0	0	0	0	0
Male	0	0	0	0	0
Coloured					
Female	5	5	100	157 725	31 545
Male	5	5	100	152 747	30 549
White					
Female	8	8	100	188 953	23 619
Male	1	1	100	64 398	64 398
Employees with a disability	1		100	47 985	47 985
Total	304		97	10 255 397	32 557

NB The beneficiaries of Performance Rewards include Support staff to MPLs

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2016 to 31 March 2017

Salary Bands	Beneficiary Profile				Total Cost (R'000)	Average cost per employee
	Number of beneficiaries	Number of employees	% of total within salary bands			
Lower skilled (Grades 1-5)	67	69	97		1 082 807	15 693
Skilled (Grades 6-8)	77	79	97		1 721 703	21 794
Highly skilled production (Grades 9-12)	118	121	98		5 315 528	43 570
Total	262	269	97		8 120 039	30 074

NB The beneficiaries of Performance Rewards include Support staff to MPLs

TABLE 7.3 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee
	Number of beneficiaries	Number of employees	% of total within band		
14-17	39	40	98	2 181 595	55 938
19-22	3	4	75	189 815	63 272
Total	42	44	95	2 371 410	56 462

NB The beneficiaries of Performance Rewards include Support staff to MPLs

Foreign workers

TABLE 8.1 – Foreign Workers, 1 April 2016 to 31 March 2017, by salary band

Salary Band	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Grades 1-5)	0	0	0	0	0	0
Skilled (Levels 6-8)	0	0	0	0	0	0
Highly skilled production (Grades 9-12)	0	0	0		0	0
Highly skilled supervision (Grades 13-17)	0	0	0	0	0	0
Senior management (Grades 18-22)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 8.2 – Foreign Worker, 1 April 2016 to 31 March 2017, by major occupation

Major Occupation	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% change
General Manager	0	0	0	0	0	0
Researcher	0	0	0	0	0	0
Total	0	0	0	0	0	0

Leave utilisation for the period 1 January 2016 to 31 December 2016

TABLE 9.1 – Sick leave, 1 January 2016 to 31 December 2016

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total Number of days with medical certificate	Total number of Employees using Sick Leave
Salary Band 1-5	462	80.5	24	36.9	19	367	65	65
Salary Band 6-8	394	65.2	22	52.4	18	476	42	42
Salary Band 9-13	765	67.1	35	32.7	22	1620	107	107
Salary Band 14-17	158	58.9	10	25.6	16	451	39	39
Salary Band 19-22	0	0	0	0	0	0	4	4
TOTAL	1779	69.4	91	35.4	20	2914	257	257

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2016 to 31 December 2016

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Grades 1-5)	0	0	0	0	0	0
Skilled (Grades 6-8)	0	0	0	0	0	0
Highly skilled production (Grades 9-12)	0	0	0	0	0	0
Highly skilled supervision (Grades 13-17)	0	0	0	0	0	0
Senior management (Grades 18-22)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 9.3 – Annual Leave, 1 January 2016 to 31 December 2016

Salary Bands	Total days taken	Average per employee	Number of employees who took leave
Lower skilled (Grades 1-5) -	2237	34	65
Skilled (Grades 6-8) -	1474	35	42
Highly skilled production (Grades 9-12)	3806	36	107
Highly skilled supervision (Grades 14-17)	1307	34	39
Senior management (Grades 19-22)	106	27	4
Total -	8930	35	257

TABLE 9.4 – Capped leave, 1 January 2016 to 31 December 2016

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2016	Number of employees who took capped leave	Total number of capped leave available at 31 December 2016	Number of Employees as at 31 December 2016
Lower skilled (Grades 1-5)	0	0	23	0	1523	65
Skilled (Grades 6-8)	0	0	19	0	829	44
Highly skilled production (Grades 9-12)	14	0.13	24	0	2604	107
Highly skilled supervision (Grades 13-17)	0	0	21	0	802	39
Senior management (Grades 18-21)	0	0	13	0	50	4
Total	0	0.13	22	0	5808	259

TABLE 9.5 – Leave pay-outs for the period 1 January 2016 to 31 December 2016

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Capped leave pay-outs on termination of service for 2016/17	505	11	45909
Current leave pay-out on termination of service for 2016/17	1049	10	104900
Total	1554	11	141273

HIV and AIDS & health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Pumza Mbutuma Senior Manager: Wellness
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		2 staff members Budget of R600 000

3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Dual counselling service with a contracted counselling service provider Health promotion includes sport, recreation, arts and culture. HIV & AIDS workplace programmes Care and support Occupational Health and Safety
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms Mbutuma, Ms Ms Feziwe Tyiwani Ms Ntantiso Mr Wonga Manina Mr Richardo Langbooi Mr Fabian Zealand
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			HIV & AIDS policy for MPLS
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Clinic facilities that conduct HCT
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Disclosure campaigns Wellness days
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

Labour relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2016 to 31 March 2017

Subject Matter	Date
Substantive Agreement	02 April 2016

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2016 to 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	1	50
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	1	50
Case withdrawn	0	0
Total	2	100

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Gross negligence	0	0
Dishonesty	2	66.7
Insubordination	1	33.3
Absenteeism	0	0
Criminal conviction	0	0
Verbal Assault	0	0
Total	3	100

TABLE 11.4 – Grievances lodged for the period 1 April 2016 to 31 March 2017

Description	Number	% of Total
Number of grievances resolved	1	50
Number of grievances not resolved	1	50
Total number of grievances lodged	2	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2016 to 31 March 2017

Description	Number	% of Total
Number of disputes upheld/ continuing	1	25
Number of disputes dismissed/ Resolved	3	75
Total number of disputes lodged	4	100

TABLE 11.6 – Strike actions for the period 1 April 2016 to 31 March 2017

	Number
Total number of person working days lost	
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 11.7 – Precautionary suspensions for the period 1 April 2016 to 31 March 2017

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	253
Cost (R'000) of suspensions	2 394 155

Skills development

This section highlights the efforts of the department with regard to skills development.

12.1 – Training needs identified 1 April 2016 to 31 March 2017

Occupational Categories	Gender	Number of employees as at 31 March 2017	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2	0	1	1	2
	Male	2	0	0	0	0
Professionals	Female	1	0	0	0	0
	Male	7	0	0	0	0
Technicians and associate professionals	Female	17	0	2	59	61
	Male	11	0	1	21	22
Clerks	Female	63	0	1	33	34
	Male	42	0	1	13	14
Service and sales workers	Female	36	0	0	0	0
	Male	21	0	0	0	0
Elementary occupations	Female	31	0	1	17	18
	Male	14	0	1	9	10
Sub Total	Female	149	0	5	110	115
	Male	97	0	3	43	46
Total		246	0	8	153	161

12.2 – Training provided 1 April 2016 to 31 March 2017

Occupational Categories	Gender	Number of employees as at 31 March 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2	0	0	0	
	Male	2	0	0	0	
Professionals	Female	1	0	1	5	
	Male	7	0	1	2	
Technicians and associate professionals	Female	17	0	0	0	
	Male	11	0	0	0	
Clerks	Female	63	0	1	33	
	Male	42	0	1	9	
Service and sales workers	Female	36	0	1	1	
	Male	21	0	1	3	
Elementary occupations	Female	31	0	0	0	
	Male	14	0	1	2	
Sub Total	Female	149	0	3	39	
	Male	97	0	4	14	
Total		246	0	7	53	

Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2016 to 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	2	0

Utilisation of consultants

Table 14.1(a) – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Grading of posts	0	0	0
Organogram review	0	0	0

Table 14.1(b) – Report on consultant appointments using appropriated funds

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
0	0	0	0

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
0	0	0	0
0	0	0	0
0	0	0	0

Table 14.3(a) – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Table 14.3 (b)– Report on consultant appointments using Donor funds

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

PART E: FINANCIAL INFORMATION

Report of the auditor-general to Eastern Cape Provincial Legislature on vote no. 02: Eastern Cape Provincial Legislature

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Legislature set out on pages 84 to 142, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information 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 Eastern Cape Provincial Legislature as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practise (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009.

Emphasis of matter

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

Irregular Expenditure

4. As disclosed in note 36 to the financial statements, irregular expenditure amounting to R10 101 000 was incurred by the legislature for the year ended 31 March 2017. This was as a result of non-compliance with procurement requirements.

Responsibilities of the accounting officer responsible for the financial statements

5. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRA Pand the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 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.
6. In preparing the financial statements, the accounting officer is responsible for assessing the Eastern Cape Provincial Legislature'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 the accounting officer either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

9. 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.
10. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Legislature. 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
11. 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 Legislature for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Enabling Facilities for members	29-30
Programme 3 – Parliamentary Services	31-39

12. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to assess the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Enabling Facilities for members: Programmes 2
 - Parliamentary Services: Programme 3

Other matters

14. I draw attention to the matter below.

Achievement of planned targets

15. Refer to the annual performance report on page 16 to 39 for information on the achievement of planned targets for the year.

Report on audit of compliance with legislation

Introduction and scope

16. 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 the Legislature with specific matters in key legislation. I performed procedures to identify finding but not to gather evidence to express assurance. The material finding in respect of the compliance criteria for the applicable subject matters are as follows:

Financial Statements

17. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 56(1) of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

18. The Eastern Cape Provincial Legislature's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
19. 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.
20. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.
22. Leadership has relied on consultants in preparing of GRAP financial statements. Material misstatements identified in the audit process indicate that leadership did not ensure adequate reviews to support credible financial information submitted for audit.

Auditor-General

East London
31 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Officer's Responsibilities and Approval

The Secretary is required by the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPLA), 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 were 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 and transitional arrangements. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The three (3) spheres of government, namely, the Legislatures, the Executives and the Judiciary operate independently in terms of the Constitution of the Republic of South Africa, 1996. In compliance with the Constitution, the Legislative sector has enacted its own financial management act known as the Financial Management of Parliament and Legislatures Act, Act No. 10 of 2009, as amended (FMPPLA) with effect from 1st April 2015. Parliament and Legislatures have opted out of the PFMA, an Act that governs financial management of the departments.

The Secretary 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 Secretary to meet these responsibilities, management sets standards for internal control aimed at reducing the risk of error or losses 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 Secretary 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.

The Annual Financial Statements set out on pages 84-142, which have been prepared on the going concern basis, were approved by the Secretary on 31 May 2017:



Mr VW Mapolisa
Secretary to the Legislature

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

	Notes	2017 R '000	2016 Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	3	18 107	10 465
Receivables from exchange transactions	4	1 036	625
Inventories	5	603	199
Receivables from non-exchange transactions	6	122	582
		19 868	11 871
Non-Current Assets			
Property, plant and equipment	7	55 763	47 431
Intangible assets	8	1 232	767
Heritage assets	9	272	272
		57 267	48 470
Non-Current Assets		57 267	48 470
Current Assets		19 868	11 871
Total Assets		77 135	60 341
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	36 820	36 623
Payables from non-exchange transactions	11	4 945	5 382
Operating lease liability	12	291	83
Provisions	13	10 401	10 101
Employee benefit obligations	14	404	75
		52 861	52 264
Non-Current Liabilities			
Employee benefit obligations	14	4 961	4 987
Non-Current Liabilities		4 961	4 987
Current Liabilities		52 861	52 264
Total Liabilities		57 822	57 251
Assets		77 135	60 341
Liabilities		(57 822)	(57 251)
Net Assets		19 313	3 090
Accumulated surplus		19 313	3 090

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance

	Notes	2017 R '000	2016 Restated* R '000
Revenue			
Revenue from exchange transactions			
Sundry income	16	166	181
Decrease in allowance for credit losses	17	-	416
Interest received	18	432	225
Total revenue from exchange transactions		598	822
Revenue from non-exchange transactions			
Transfer revenue			
Appropriation	19	490 650	451 399
Donations	20	100	100
Service in-kind revenue	21	9 239	7 924
Total revenue from non-exchange transactions		499 989	459 423
		598	822
		499 989	459 423
Total revenue		500 587	460 245
Expenditure			
Employee related costs	22	(281 296)	(269 585)
Transfers and subsidies	23	(104 886)	(98 272)
Finance costs	14	(357)	(555)
General expenses	24	(91 899)	(109 619)
Contracted services	25	(4 128)	(5 518)
Increase in allowance for credit losses	17	(27)	-
Total expenditure		(482 593)	(483 549)
		-	-
Total revenue		500 587	460 245
Total expenditure		(482 593)	(483 549)
Operating surplus/ (deficit)		17 994	(23 304)
Loss on disposal of property, plant and equipment		(4 089)	(746)
Gain on foreign exchange	26	25	-
Actuarial gains/ (losses)	14	2 293	2 118
		(1 771)	1 372
Surplus		(1 771)	1 372
Surplus (deficit) before taxation		16 223	(21 932)
Taxation		-	-
Surplus/ (deficit) for the year		16 223	(21 932)

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Net Assets

	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	24 848	24 848
Adjustments		
Correction of errors (refer to note 32)	174	174
Balance at 01 April 2015 as restated*	25 022	25 022
Changes in net assets		
Deficit for the year	(21 932)	(21 932)
Total changes	(21 932)	(21 932)
Balance at 01 April 2016 as restated*	3 090	3 090
Changes in net assets		
Surplus for the year	16 223	16 223
Total changes	16 223	16 223
Balance at 31 March 2017	19 313	19 313

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Cash Flow Statement

	Note(s)	2017 R '000	2016 Restated* R '000
Cash flows from operating activities			
Receipts			
Departmental revenue received		288	347
Appropriation		490 650	451 399
Interest income		432	168
		<u>491 370</u>	<u>451 914</u>
Payments			
Employee costs		(281 296)	(261 721)
Suppliers		(85 660)	(100 977)
Transfers and Subsidies		(103 886)	(98 272)
		<u>(470 842)</u>	<u>(460 970)</u>
Total receipts		491 370	451 914
Total payments		(470 842)	(460 970)
Net cash flows from operating activities	27	20 528	(9 056)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(13 149)	(4 913)
Proceeds from sale of property, plant and equipment	7	728	61
Purchase of intangible assets	8	(465)	(402)
		<u>(12 886)</u>	<u>(5 254)</u>
Net increase/(decrease) in cash and cash equivalents		7 642	(14 310)
Cash and cash equivalents at the beginning of the year		10 465	24 775
Cash and cash equivalents at 31 March 2017	3	18 107	10 465

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Departmental Revenue	386	-	386	-	(386)	
Sundry income	-	-	-	627	627	38
Interest received	-	-	-	282	282	38
Total revenue from exchange transactions	386	-	386	909	523	
Revenue from non-exchange transactions						
Transfer revenue						
Appropriation	481 544	15 424	496 968	497 354	386	38
Donations	-	-	-	100	100	38
Total revenue from non-exchange transactions	481 544	15 424	496 968	497 454	486	
'Total revenue from exchange transactions'	386	-	386	909	523	
'Total revenue from non-exchange transactions'	481 544	15 424	496 968	497 454	486	
Total revenue	481 930	15 424	497 354	498 363	1 009	
Expenditure						
Employee related costs	(285 427)	(3 215)	(288 642)	(276 851)	11 791	38
Transfers and subsidies	(100 313)	(5 117)	(105 430)	(106 193)	(763)	38
Goods and services	(90 159)	1 472	(88 687)	(85 902)	2 785	38
Total expenditure	(475 899)	(6 860)	(482 759)	(468 946)	13 813	
	481 930	15 424	497 354	498 363	1 009	
	(475 899)	(6 860)	(482 759)	(468 946)	13 813	
Operating surplus	6 031	8 564	14 595	29 417	14 822	
Gain on disposal of assets and liabilities	-	-	-	61	61	38
	6 031	8 564	14 595	29 417	14 822	
	-	-	-	61	61	
Surplus before taxation	6 031	8 564	14 595	29 478	14 883	
Deficit before taxation	6 031	8 564	14 595	29 478	14 883	
Taxation	-	-	-	-	-	
Surplus for the year from continuing operations	6 031	8 564	14 595	29 478	14 883	
Capital expenditure	(6 031)	(8 564)	(14 595)	(14 604)	(9)	38
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	14 874	14 874	

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Reconciliation						
Revenue						
Sundry income				(461)		
Interest received				150		
Appropriation				(6 704)		
Service in kind				9 239		
Gain on foreign exchange				25		
Actuarial gain				2 293		
Expenditure						
Employee related costs				(4 445)		
Transfers and subsidies				1 308		
Finance costs				(357)		
Allowance for credit losses				(27)		
General expenses and contracted services				(10 125)		
Capital expenditure				14 604		
Loss on disposal of property, plant and equipment				(4 150)		
Actual Amount in the Statement of Financial Performance				16 224		

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

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), including any interpretations, guidelines and directives, issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the 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 thousand Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 32- Prior period errors for detail.

A summary of the significant accounting policies are disclosed below. Where a change in accounting policy has taken place as a result of the adoption of GRAP, details thereof have been disclosed in the notes to the annual financial statements.

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 and sources of estimation uncertainty

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 credit losses should be recorded in surplus or deficit, the Legislature makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The credit losses 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 balances in the portfolio and scaled to the estimated loss emergence period.

Other long-term employment benefits

The present value of the long service award 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.

The Legislature determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the long service award obligation. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds.

Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the Legislature uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for long service award benefits are based on current market conditions. Additional information is disclosed in Note 14 - Employee benefit obligations..

Accounting Policies

12 Significant judgements and sources of estimation uncertainty (continued)

Allowance for impairment

For receivables, credit losses are recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured based on the profile of each individual debtors. The debtors are classified as high risk and low risk depending with the situation assessed by management.

13 Property, plant and equipment

Definition

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.

Recognition

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

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

Measurement

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired 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.

Other parts

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.

Derecognition

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

Accounting Policies

13 Property, plant and equipment (continued)

Transitional provisions

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

According to the transitional provision, the Legislature is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in note 7. The transitional provision expires on 31 March 2018.

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

- Presentation of Financial Statements (GRAP1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

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

14 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.

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.
- 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.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

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.

14 Intangible assets (continued)

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

Internally generated goodwill is not recognised as an intangible asset.

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 included in surplus or deficit when the asset is derecognised. 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 asset.

Transitional provisions

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

According to the transitional provision, the Legislature is not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Intangible assets. Intangible Assets have accordingly been recognised at provisional amounts, as disclosed in note 8 - Intangible assets. The transitional provision expires on 31 March 2018.

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

- Presentation of Financial Statements (GRAP1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Discontinued Operations (GRAP 100)

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

15 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 when 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 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 9- Heritage assets.

Initial measurement

Heritage assets are initially recognised at cost.

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

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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.

15 Heritage assets (continued)

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

Transitional provisions

The Legislature adopted GRAP for the first time in 2016. The adoption is made in accordance with its transitional provisions as per Directive 8 of the GRAP Reporting Framework.

According to the transitional provisions, the Legislature is not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage assets. Heritage assets have accordingly been recognised at provisional amounts, as disclosed in note 9. The transitional provisions expire on 31 March 2018.

Until such time as the measurement period expires on 31 March 2018 and heritage assets are recognised and measured in accordance with the requirements of the Standard of GRAP on Heritage assets, the Legislature need not comply with the Standards of GRAP on (to the extent that these Standards prescribe requirements for heritage assets):

- Presentation of Financial Statements (GRAP1);
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4);
- Leases (GRAP 13);
- Segment Reporting (GRAP 18);
- Discontinued Operations (GRAP 100).

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

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1.6 Financial instruments

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

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

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1.6 Financial instruments (continued)

Initial recognition

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

The Legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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1.6 Financial instruments (continued)

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 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 Legislature uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on Legislature-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, the 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.

For amounts due to the Legislature, external debtors such as ex-employees and accounts older than 60 days are all considered indicators of impairment.

Financial assets measured at amortised cost:

Receivables are assessed for impairment at year end. Significant receivables are individually assessed and the remaining receivables are grouped based on risk categories and then assessed for impairment. The carrying amount of receivables impaired is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Accounting Policies

1.6 Financial instruments (continued)

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

Financial assets measured at cost:

If there is objective evidence that a credit loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the credit 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 credit 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:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is 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 entity 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).

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1.7 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 building elements, the Legislature assesses the classification of each element separately.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

Any contingent rents are recognised separately as revenue in the period in which they are received.

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.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.8 Inventories

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

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.

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 utilised, the carrying amounts of those inventories are recognised as an expense in the period in which the goods are distributed, or related services are rendered. The amount of any write-down of inventories to 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 current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.8 Inventories (continued)

Transitional provisions

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

According to the transitional provisions for the Standard of GRAP on Inventories the legislature is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the standard. Inventories has accordingly been recognised at provisional amounts, as disclosed in note 5 The transitional provisions expires on 31 March 2018.

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

- Presentation of Financial Statements (GRAP1);
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4);
- Leases (GRAP 13);
- Segment Reporting (GRAP 18);
- Discontinued Operations (GRAP 100).

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

1.9 Impairment of cash-generating assets

Cash-generating assets are 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.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the Legislature; or
- (b) the number of production or similar units expected to be obtained from the asset by the Legislature.

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

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 tests 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 is tested for impairment before the end of the current reporting period.

Value in use

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

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

Discount rate

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

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.

Accounting Policies

19 Impairment of cash-generating assets (continued)

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 uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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

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

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

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

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

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

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

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

Accounting Policies

19 Impairment of cash-generating assets (continued)

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 Legislature estimates the recoverable amount of that asset.

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

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

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

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

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

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

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

1.10 Statutory receivables

Statutory receivables are receivables that:

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

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

The Legislature recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP9;
- if the transaction is a non-exchange transaction, using GRAP23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
 - the definition of an asset is met; and
 - it is probable that future economic benefits or service potential associated with the asset will flow to the Legislature and the transaction amount can be measured reliably.

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

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

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

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1.10 Statutory receivables(continued)

The Legislature assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired. For amounts due the Legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

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

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

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

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

The Legislature derecognises a statutory receivable when:

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

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

Accounting Policies

1.11 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the Legislature during a reporting period, the Legislature recognises 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 recognises 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 measures the expected cost of accumulating compensated absences as the additional amount that the Legislature expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Legislature recognises 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.

Other long-term employee benefits

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

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

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

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

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

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

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Accounting Policies

1.12 Provisions and contingencies

Provisions are recognised when:

- the Legislature has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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Accounting Policies

1.12 Provisions and contingencies (continued)

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.

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 the 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 the 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

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the legislature.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Legislature; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable than 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.

Contingent assets and contingent liabilities are not recognised but disclosed in note30.

The Legislature recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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Accounting Policies

1.13 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.

Approved and contracted commitments

This is where the expenditure has been approved and the contract has been awarded at the reporting date

Approved but not yet contracted commitment

This is where the expenditure has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.

Eastern Cape Provincial Legislature

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Accounting Policies

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.

Measurement

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

Interest

Revenue arising from the use by others of legislature assets yielding interest is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Legislature; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 Revenue from non-exchange transactions

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

Control of an asset arise when the Legislature can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the 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.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions.

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.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.15 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's allocations as well as direct charges against the revenue fund (i.e. Member's salaries).

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.

Public contributions and donations, including goods in-kind

Public contributions 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

The Legislature recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the Legislature and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the Legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the Legislature disclose the nature and type of services in-kind received during the reporting period.

1.16 Transfers and subsidies

Transfers payments include all "non-exchange" payments made by the Legislature. A payment is "non-exchange" if the Legislature does not receive anything directly in return for the transfer to the other party. Transfer payments are expensed.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

1.18 Unauthorised expenditure

Unauthorised expenditure defined in section 1 of the FMPPLA means:

- overspending of Parliament's approved budget or a main division within that budget;
- 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 22;
- any expenditure of donor funds for a purpose not specified in the agreement with the donor.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.19 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the FMPPLA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of this Act or any applicable legislation.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.21 Accumulated surplus/deficit

The accumulated surplus represents the net difference between the total assets and the total liabilities of the Legislature. 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/credit against accumulated surplus when retrospective adjustments are made.

1.22 Change in accounting policies, estimates and errors

The Legislature accounts for change in accounting policies, estimates and errors in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. The default is that changes in accounting policies and errors be adjusted retrospectively and changes in accounting estimates be adjusted prospectively. Refer to note - Changes in accounting policies and 32 - Prior period errors.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

123 Compensation of employees

Salaries and Wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

Social contributions

Social contributions made by the Eastern Cape Provincial Legislature in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Eastern Cape Provincial Legislature in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

Key management personnel

Compensation paid to key management personnel and the presiding officers, including their family members where applicable, is included in the disclosure notes. Refer to note 22 - Employee related costs.

124 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

125 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.

126 Budget information

The approved budget is prepared on the cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been prepared using the actual figures on cash basis.

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 including presiding officers 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.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Accounting Policies

128 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Legislature adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Legislature discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

129 Effects of changes in foreign exchange rates

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denomination in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in surplus or deficit. 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 transaction. Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency and the date of the cash flow.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

2017 R '000	2016 R '000
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2. New standards and interpretations

21 Standards and interpretations effective and adopted in the current year

In the current year, the Legislature has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- GRAP 1 - Presentation of Financial Statements
- GRAP 2 - Cash Flow Statements
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 - The Effects of Changes in Foreign Exchange Rates
- GRAP 5 - Borrowing Costs
- GRAP 6 - Consolidated and Separate Financial Systems
- GRAP 7 - Investments in Associates
- GRAP 8 - Interest in Joint Ventures
- GRAP 9 - Revenue from Exchange Transactions
- GRAP 10 - Financial Reporting in Hyperinflationary Economies
- GRAP 11 - Construction Contracts
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after Reporting Date
- GRAP 16 - Investment Property
- GRAP 17 - Property Plant and Equipment
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21 - Impairment of Non-cash Generating Assets
- GRAP 23 - Revenue from Non-Exchange Transactions
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee Benefits
- GRAP 26 - Impairment of Cash-generating Assets
- GRAP 31 - Intangible Assets
- GRAP 100 - Discontinued Operations
- GRAP 104 - Financial Instruments

The following GRAP directives have been adopted in the current financial year:

- Directive 1 - Repeal of Existing Transitional Provisions in, and Consequential; Amendments to, Standards of GRAP
- Directive 5 - Determining the GRAP Reporting Framework
- Directive 7 - The Application of Deemed Costs
- Directive 8 - Transitional Provisions for Parliament and the Provincial Legislatures
- Directive 11 - Changes in the Measurement Bases Following the Initial Adoption of Standards of GRAP

The following GRAP interpretations have been adopted in the current year:

- IGRAP 1 - Applying the Probability Test on Initial Recognition of Revenue
- IGRAP 2 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IGRAP 3 - Determining whether an Arrangement Contains a Lease
- GRAP 4 - Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP 5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
- IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP 8 - Agreements for Construction of Assets from Exchange Transactions
- IGRAP 9 - Distribution of Non-cash Asset to Owners
- IGRAP 10 - Assets Received from Customers
- IGRAP 11 - Consolidations - Special Purpose Entities
- IGRAP 12 - Jointly controlled Entities - Non-monetary Contributions by Ventures
- IGRAP 13 - Operating Leases - Incentives
- IGRAP 14 - Evaluating the Substance of Transactions Involving the Legal Form of a lease
- IGRAP 15 - Revenue - Barter Transactions Involving the Legal Form of Lease
- IGRAP 16 - Intangible Assets

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.

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.

The effective date of the standard is not yet set by the Minister of Finance.

The Legislature does not envisage the adoption of the standard until such time as it becomes applicable to the Legislature's operations.

The adoption of this standard is not expected to impact on the results of the Legislature, but may result in more disclosure than is currently provided in the 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. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The effective date of the standard is not yet set by the Minister of Finance.

The Legislature does not envisage the adoption of the standard until such time as it becomes applicable to the Legislature's operations.

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

GRAP 108: Statutory Receivables

The objective of the standard is to prescribe the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

The standard requires statutory receivables to be recognised

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

The effective date of the standard is not yet set by the Minister of Finance.

The Legislature expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period and the prior year based on the standard.

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

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000				
3. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances	18 107	10 465				
There are no amounts of significant cash and cash equivalent balances held by the Eastern Cape Provincial Legislature that are not available for use.						
The legislature had the following bank account						
Account number / description	Bank statement balances			Cash book balances		
	31 March 2017	31 March 2016	31 March 2015	31 March 2017	31 March 2016	31 March 2015
First National Bank - Current account	18 107	10 465	24 775	18 107	5 463	24 775
Outstanding payment not cleared through the bank	-	-	-	-	5 002	-
Total	18 107	10 465	24 775	18 107	10 465	24 775
4. Receivables from exchange transactions						
Gross balances						
Interest from bank receivable			49	23		
Prepaid expenditure			246	-		
Staff receivables			839	673		
			1 134	696		
Less: Allowance for impairment						
Interest receivable			-	-		
Staff receivables			98	71		
			98	71		
Net balance						
Interest receivable			49	23		
Prepaid expenditure			246	-		
Staff receivables			741	602		
			1 036	625		
Staff receivables						
1 - 3 months			664	201		
3 - 6 months			23	-		
6 - 12 months			-	15		
12+ months			152	427		
Other adjustments			-	30		
			839	673		
Reconciliation of allowance for credit losses						
Balance at beginning of the year			71	487		
Increase/(decrease) of the provision of allowance for credit losses			27	(416)		
			98	71		

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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4. Receivables from exchange transactions (continued)

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions past due but not impaired

As at 31 March 2017, R263 (2016: R79) were past due but not impaired. (All figures have been rounded to the nearest thousand Rand).

The ageing of amounts past due but not impaired is as follows:

3 months past due	200	18
Over 6 months past due	63	61

5. Inventories

Inventory	603	199
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5.1 Inventory items on hand at year end (in quantities)

Items	Inventory quantities as at 31 March 2017 (quantities)	Inventory quantities as at 31 March 2016 (quantities)
Cleaning materials	1 383	18 098
Clothing items	-	52
Gardening tools	-	16
Stationery	2 463	2 907
Toiletry	1 080	7 301
Computer peripherals	95	-
	5 021	28 374

Transitional provisions

(All figures have been rounded to the nearest thousand Rand).

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, as disclosed in accounting policy note 1.8 all inventory with a carrying value of R603 (2016: R199) was recognised at provisional amounts. The Legislature is currently busy with a measurement project.

Inventory pledged as security

None of the inventory have been pledged as security.

6. Receivables from non-exchange transactions

Donations	72	582
Other	50	-
	122	582

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	3 528	-	3 528	3 528	-	3 528
Computer equipment	29 065	-	29 065	20 406	-	20 406
Furniture and office equipment	14 552	-	14 552	14 648	-	14 648
Other assets	943	-	943	1 318	-	1 318
Transport assets	7 675	-	7 675	7 531	-	7 531
Total	55 763	-	55 763	47 431	-	47 431

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Total
Buildings	3 528	-	-	3 528
Computer equipment	20 406	11 656	(2 997)	29 065
Furniture and office equipment	14 648	149	(245)	14 552
Other assets	1 318	6	(381)	943
Transport assets	7 531	18	(1 194)	7 675
	47 431	13 149	(4 817)	55 763

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Total
Buildings	3 207	321	-	3 528
Computer equipment	18 324	2 655	(573)	20 406
Furniture and office equipment	14 301	347	-	14 648
Other assets	1 277	205	(164)	1 318
Transport assets	6 146	18	-	7 531
	43 255	4 913	(737)	47 431

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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7. Property, plant and equipment (continued)

Assets under investigation - 2016

This relates to property, plant and equipment that could not be physically verified for the years ending 31 March 2016 and 31 March 2017. These are included in property, plant and equipment and are as listed below. These assets are under investigation:

	2017 R '000	2016 R '000
Computer Equipment	1 600	1 600
Furniture and Office Equipment	278	278
Other assets	7	7
Written off	(812)	-
Disposals	(410)	-
Subsequently verified	(71)	-
	592	1 885

Assets under investigation - 2017

Computer equipment	1 985	-
Furniture and Office Equipment	3 941	-
	5 926	-

Pledged as security

None of the property, plant and equipment have been pledged as security.

Transitional provisions

Property, plant and equipment recognised at provisional amounts

(All figures have been rounded to the nearest thousand Rand).

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, as disclosed in accounting policy note 1.3 property, plant and equipment with a carrying value of R56 982 (2016: R47 431) were recognised at provisional amounts. The legislature is currently busy with a measurement project.

8. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Software	1 232	-	1 232	767	-	767

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Total
Software	767	465	1 232

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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8. Intangible assets (continued)

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Transfers	Total
Software	435	402	(70)	767

Pledged as security

None of the intangible assets have been pledged as security.

Transitional provisions

(All figures have been rounded to the nearest thousand Rand).

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, as disclosed in accounting policy note 1.4 certain intangible assets with a carrying value of R1 232 (2016: R767) were recognised at provisional amounts. The legislature is currently busy with a measurement project.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000			2016 R '000		
9. Heritage assets						
	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	272	-	272	272	-	272

Reconciliation of heritage assets - 2017

	Opening balance	Total
Historical monuments	272	272

Reconciliation of heritage assets - 2016

	Opening balance	Total
Historical monuments	272	272

Pledged as security

None of the above heritage assets have been pledged as security.

Transitional provisions

Heritage assets recognised at provisional amounts

None of the above heritage assets have been pledged as security.

In accordance with the transitional provisions as per Directive 8 of the GRAP Reporting Framework, as disclosed in note 1.5, certain heritage asset with a carrying value of R 272 (2016: R 272) was recognised at provisional amounts. The Legislature is currently busy with a measurement project.

10. Payables from exchange transactions

Accrued bonus	6 973	6 615
Accrued expenditure	11 349	13 388
Accrued leave pay	18 498	16 620
	36 820	36 623

11. Payables from non-exchange transactions

Transfers payable	717	-
Salary related payables	2	5 382
Payables Direct Charge	4 226	-
	4 945	5 382

Transfers payable

Outstanding transfers to the DA at financial year end.

Salary related payables

Unpaid staff claims at financial year end.

Payables Direct Charge

Amount payable to Provincial Treasury due to underspending on Members' salaries.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
12. Operating lease liability		
Current liabilities	291	83
Operating lease liability		
Within one (1) year	291	83

(All figures have been rounded to the nearest thousand Rand).

The operating lease liability of R291 (2016: R83) relates to the straight-lining of lease payments. Refer to note 29 for the operating lease commitments disclosure.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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13. Provisions

Reconciliation of provisions - 31 March 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	10 101	10 401	(10 101)	10 401

Reconciliation of provisions - 31 March 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	9 734	10 101	(9 734)	10 101

The estimate for the performance bonus is done for all employees who qualify and are still in the employment of the Eastern Cape Provincial Legislature. Performance bonus is paid when final evaluation has been done and scores have been awarded accordingly. The amount payable to employees is uncertain at the end of the financial year.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000		
14. Employee benefit obligations				
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Fair value of reimbursement rights	5 365	5 062		
Non-current liabilities	4 961	4 987		
Current liabilities	404	75		
	5 365	5 062		
Reconciliation of employee benefits obligation as at 31 March 2017				
Details	Opening balance	Utilised during the year R'000	Raised during the year R'000	Closing balance R'000
Long service award obligation	R'000 5 061	(5 061)	R'000 5 365	R'000 5 365
Reconciliation of employee benefits obligation as at 31 March 2016				
Details	Opening balance	Utilised during the year R'000	Raised during the year R'000	Closing balance R'000
Long service award obligation	R'000 6 153	(6 153)	R'000 5 062	R'000 5 062
Changes in the present value of the long service award obligation are as follows:				
	2017 R '000	2016 R '000		
Actuarial (gains) losses – Obligation	5 062	6 153		
Net reversal recognised in the statement of financial performance	304	(1 091)		
	5 366	5 062		
Net reversal of the long service awards obligation recognised in the statement of financial performance				
Actuarial losses/ (gains)	228	(2 118)		
Benefits paid	(1 016)	(781)		
Current service cost	735	1 253		
Interest cost	357	555		
	304	(1 091)		

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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14. Employee benefit obligations (continued)

Key assumptions used

Long service benefits are awarded in the form of leave days and a percentage of each employee's salary. The awarded leave days have been converted to a percentage of the employee's annual salary. The conversion is based on a 250 working day year.

Assumptions used at the reporting date are as follows:

Formula used	Completed years	Working days (Long service award)	Fixed benefit cash reward (% of monthly basic salary)	Percentage of annual salary (% of annual salary)
(5/20)	5	5	-	2
(10/250+0.5/12)	10	10	50	8
(10/250+0.5/12)	20	10	50	8
(10/250+0.5/12)	30	10	50	8
	65	35	150	26

Discount rates used	8,25 %	8,89 %
CPI (Consumer Price Index)	5,73 %	7,07 %
Expected increase in salaries	6,73 %	8,07 %

Other assumptions

The cost of long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase has a direct effect on the employee benefit obligation.

Inflation rate

The effect of 1% change in the normal salary inflation assumption has been tested and the effects are as follows:

	One percentage point increase	One percentage point decrease
Effect on liability	5 625	5 127

Withdrawal rate

The effect of 20% change in the normal salary inflation assumption has been tested and the effects are as follows:

	20 percentage point decrease R'000	20 percentage point increase R'000
Effect on liability	5 626	5 130

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
15. Financial instruments disclosure		
Categories of financial instruments		
31 March 2017		
Financial assets		
	At amortised cost	Total
Cash and cash equivalents	18 107	18 107
Receivables from exchange transaction	1 036	1 036
Receivables from non-exchange transaction	122	122
	19 265	19 265
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	36 820	36 820
Payables from non-exchange transactions	4 945	4 945
	41 765	41 765
31 March 2016		
Financial assets		
	At amortised cost	Total
Cash and cash equivalents	10 465	10 465
Receivables from exchange transaction	625	625
Receivables from non-exchange transaction	582	582
	11 672	11 672
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	36 623	36 623
Payables from non-exchange transactions	5 382	5 382
	42 005	42 005
16. Sundry income		
Sundry income	166	181
The amount included in sundry income is made of:		
Commission from garnishee and insurance collected	164	171
Sale of tender documents	2	8
Sale of assets < R5	-	2
	166	181
17. Allowance for credit losses		
Increase/ (decrease) in allowance for credit losses	27	(416)

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
18. Interest received		
Interest revenue		
Bank	416	216
Interest charged on receivables from exchange transactions	16	9
	432	225
	-	-
	432	225
19. Appropriation		
Annual appropriation	427 984	391 988
Statutory appropriation	62 666	59 411
	490 650	451 399
20. Donations		
Donations	100	100
Cash donations were received from various private organizations.		
21. Service in-kind revenue		
Service in-kind benefit revenue	9 239	7 924
Nature and type of services in-kind are as follows:		
(All figures have been rounded to the nearest thousand Rand).		
Eastern Cape Provincial Legislature occupies upmarket office buildings belonging to the Eastern Cape Department of Roads and Public Works at no fee.		
The Eastern Cape Legislature received protection services from the South African Police Service at no fee for the entire period ended 31 March 2017.		
Members of the Legislature received training from National Parliament at no fee.		
22. Employee related costs		
Basic	172 141	164 496
Bonus	7 805	4 560
Compensative/ circumstantial allowances	1 253	1 022
Housing benefits and allowances	11 280	11 498
Leave pay expense	1 878	2 004
Long service awards expense (Note 14)	(282)	472
Medical aid - employer contributions	7 408	7 333
Other non-pensionable allowances	22 887	21 944
Overtime payments	695	365
Pension	38 167	35 793
Service bonus (13th Cheques)	13 610	15 807
Short term benefit	2 258	2 143
Members Group Insurance Fund	2 196	2 148
	281 296	269 585

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
22. Employee related costs (continued)		
Remuneration of Key management personnel		
Remuneration of the Speaker - N Kiviet		
Annual Remuneration	1 141	1 141
Non-pensionable allowance	504	504
Contributions to medical and pension funds	257	257
	1 902	1 902
Remuneration of the Deputy Speaker- B Tunyiswa		
Annual Remuneration	897	859
Non-pensionable allowance	347	318
Service bonus	70	62
Contributions to medical and pension funds	202	193
	1 516	1 432
Remuneration of the Chair of Chairs - M Sokujika		
Annual Remuneration	734	461
Non-pensionable allowance	273	295
Service bonus	51	38
Contributions to medical and pension funds	165	115
	1 223	909
Remuneration of Deputy Chair of Chairs - NS Nkopane (appointed 1 June 2014)		
Annual Remuneration	690	570
Non pensionable allowance	257	377
Housing allowances	48	48
Service bonus	155	155
	1 150	1 150
Remuneration of the Secretary VW. Mapolisa (appointed 1 June 2015)		
Annual Remuneration	1 202	925
Non pensionable allowance	319	266
Housing allowance	49	41
Service bonus	144	93
Contributions to medical and pension funds	293	228
Performance bonuses	44	37
Acting allowance	-	47
	2 051	1 637

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
22. Employee related costs (continued)		
Remuneration of Chief Operations Officer- I Netshitumbu (appointed 1 December 2016)		
Annual Remuneration	304	-
Non pensionable allowance	97	-
Housing allowances	16	-
Contributions to medical and pension funds	77	-
Acting allowance	27	38
	521	38
Mr I Netshitumbu was acting as the Chief Operations Officer of the Eastern Cape Provincial Legislature until 1 December 2016 when he was appointed to the position.		
Remuneration of Acting Chief Financial Officer Ms Dyan (June 2016 - November 2016)		
Acting allowance	37	-
Remuneration of Chief Financial Officer - N Ngcakani (appointed November 2016)		
Annual Remuneration	347	-
Non pensionable allowance	111	-
Housing allowances	10	-
Service bonus	6	-
Contributions to medical and pension funds	76	-
	550	-
Remuneration of Chief Financial Officer P Ntisana (Contract terminated 30 June 2016)		
Annual Remuneration	211	189
Non pensionable allowance	80	73
Service Bonus	39	-
Contributions to medical and pension funds	54	44
	384	306
Remuneration of Chief Parliamentary Officer - N Mene		
Annual Remuneration	1 007	930
Non pensionable allowance	292	292
Housing allowance	49	49
Service bonus	84	78
Contributions medical and pension funds	222	205
Performance bonuses	37	69
	1 691	1 623
Remuneration for Members of Provincial Legislature		
Annual Remuneration	35 666	35 999
Non pensionable allowance	13 597	13 405
Service bonus	2 263	2 346
Contributions to medical aid and pension funds	8 042	7 994
	59 568	59 744

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
22. Employee related costs (continued)		
Remuneration of the officials		
Level 17 to 21	7 803	13 133
Level 15 to 16	26 956	26 684
Level 14	17 367	14 408
Family members of key management personnel	-	182
	52 126	54 407
23. Transfers and subsidies		
Non-profit institutions		
African Independent Congress (AIC)	1 847	1 724
African National Congress (ANC)	74 509	69 606
Congress of the People (COPE)	1 846	1 724
Democratic Alliance (DA)	16 558	15 468
Economic Freedom Fighters (EFF)	3 503	3 207
United Democratic Movement (UDM)	6 623	6 543
	104 886	98 272
24. General expenses		
Administrative fees	83	119
Advertising	2 180	3 373
Auditors remuneration	4 244	4 257
Bursaries (employees)	1 457	2 365
Catering	8 339	9 849
Communication	2 622	3 372
Computer services	9 613	6 117
Business and advisory services	649	1 363
Consumables	2 513	4 241
Contractors	368	560
Legal services	1 757	890
Operating leases	7 397	5 818
Other operating expenditure	2 400	4 363
Property payments	460	309
Rental for service in-kind benefit	9 239	7 924
Rental and hiring	4 389	5 339
Training and development	263	1 162
Uniforms	4	-
Travel and subsistence	33 922	48 198
	91 899	109 619
25. Contracted services		
Consultants	4 128	5 518
Contracted services include the expenses as a result of using internal auditors and accountants.		
26. Gain on foreign exchange		
Relating to income statement items	25	-

Exchange differences resulted from changes in the value of unutilised foreign currency advanced to staff for travel and subsistence purposes.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
27. Cash generated from/ (used in) operations		
Surplus/ (deficit)	16 223	(21 932)
Adjustments for:		
Loss on disposal of assets	4 089	746
Movements in operating lease assets and liabilities	208	(16)
Movements in employee benefits liability	303	(1 091)
Movements in provisions	300	367
Changes in working capital:		
Inventories	(404)	(199)
Receivables from exchange transactions	(411)	222
Other receivables from non-exchange transactions	460	(582)
Payables from exchange transactions	197	8 115
Payables from non-exchange transactions	(437)	5 314
	20 528	(9 056)
28. Auditors' remuneration		
Fees	4 244	4 257

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
29. Commitments		
Approved and contracted for		
• Operating expenditure	20 542	16 840
• Capital expenditure	3 809	-
	24 351	16 840
Total commitments		
Approved and contracted for	24 351	16 840
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	5 803	3 782
- in second to fifth year inclusive	5 627	5 618
	11 430	9 400

Operating lease payments represent rentals payable by the Legislature for certain buildings, other fixed structures, machinery and equipment. No contingent rent is payable.

The Legislature uses Eastern Cape Department of Roads and Public Works buildings at no charge.

The Legislature is also leasing office space for National Council of Provinces delegates for Eastern Cape permanently based at National Parliament in Cape Town. National Council of Provinces Committee - is made up of delegates from all the provinces. These offices are rented for delegates from Eastern Cape permanently based in Cape Town. The lease term is for 5 years from 1 October 2012 to 30 September 2017. The basic rental escalates at 9% per annum.

Hambanathi

Hambanathi was appointed to provide travel, accommodation and conference services for a period of 3 years from 1 October 2015 to 31 September 2018. The parties agreed to the transaction fees as contained in the tender documents and this will be adjusted by 10% at each anniversary of this agreement except those that are charged as a percentage to the total transaction amount which will not be subject to reviewal.

Telkom

Telkom was appointed to provide telecommunication services for further five (5) years from 3 July 2014. The initial contract was entered on 1 July 2008.

Vodacom

Vodacom was appointed for a 2 year contract to provide cell phone and 3G cards to the Legislature.

Dimension Data

Dimension Data was appointed to upgrade the Legislature's Chamber and subsequent maintenance thereof for a period of 3 years. The upgrade of the Chamber commenced in December 2016.

Standard Bank / Transit Solutions

Standard Bank Transit Solutions was appointed to provide fuel maintenance and repair services on the 14th of April 2015 contract end on the 31st of March 2019. Fees are charged per travel.

ACSA

ACSA was appointed to provide the airport parking facilities on the 1st July 2015, the contract end on 31 August 2017. Fees are R 1 798.00 deposit for issuing of cards.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
30. Contingent liabilities		
Contingent liabilities	738	4 429
Nature of contingent liability		
Claim for damages by K. Hoho	-	2 600
Claim in respect of a labour dispute by K. Hoho	638	638
Claim in respect of a labour dispute by P. Hobongwana	-	1 191
Claim in respect of a labour dispute by Mvubu	100	-
	738	4 429

The above amounts are management's best estimates of the expected cash outflows to settle the contingent liabilities.

31. Related parties

Relationships

Presiding officers	Refer to note 22
Secretary	Refer to note 22
Chief Operations Officer	Refer to note 22
Chief Financial Officer	Refer to note 22
Chief Parliamentary Officer	Refer to note
Eastern Cape Government	Eastern Cape Department of Roads and Public Works Eastern Cape Office of the Premier

The Legislature is utilising buildings owned by the Eastern Cape Department of Roads and Public Works for which the market related rental was determined and this is reflected in Note 21.

The Legislature paid house rental to the Department of Roads and Public Works during the year.

32. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

32. Prior period errors (continued)

Statement of Financial Position the year ended 31 March 2015	Balance as previously reported	Prior period error	Restated balance
Non-current assets			
	R'000	R'000	R'000
Property, plant and equipment	43 081	174	43 255
Accumulated surplus	(24 848)	(174)	(25 022)
	18 233	-	18 233
Statement of Financial Performance for the year ended 31 March 2016	Balance as previously reported	Prior period error	Restated balance
Revenue	R'000	R'000	R'000
Donations	-	100	100
Actuarial gains/ losses	-	2 521	2 521
Total revenue	-	2 621	2 621
Expenditure			
Employee related costs	269 784	(199)	269 585
General expenses	107 932	1 687	109 619
Contracted services	5 217	301	5 518
Loss on disposal of assets	758	(12)	746
Total expenditure	383 691	1 777	385 468
Operating surplus / (deficit)	(22 373)	441	(21 932)
Surplus / (deficit) for the year	(22 373)	441	(21 932)

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

32. Prior period errors (continued)

Statement of Financial Position as at 31 March 2016

	Balance as previously reported	Prior period error	Restated balance
	R'000	R'000	R'000
Assets			
Current Assets			
Receivables from exchange transactions	606	19	625
Receivables from non-exchange transactions	-	582	582
Total current assets	606	601	1 207
Non-current Assets			
Property, plant and equipment	47 245	186	47 431
Total non-current assets	47 245	186	47 431
Liabilities			
Current Liabilities			
Payables from exchange transactions	33 930	2 693	36 623
Employee benefit obligation	953	(878)	75
Total current liabilities	34 883	1 815	36 698
Non-current Liabilities			
Employee benefit obligation	6 630	(1 643)	4 987
Net Assets	2,475	615	3090
Accumulated surplus - Opening balance	2 475	615	3 090
Total net assets	2 475	615	3 090

1. Payables from exchange transactions

Understatement of payables from exchange transactions due to various expenditure items not recognised in 2016. The effects of the adjustments are as follows:

General expenses	-	2 358
Contracted services	-	301
Employee related cost	-	35
Payables from exchange transactions	-	(2 694)
	-	-

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

2. Revenue from non-exchange transactions

Understatement of receivables from non-exchange transactions in 2016 due to donations received after the 2016 year end not being recognised in the correct accounting period. The effects of the adjustments are as follows: :

Receivables from non-exchange transactions	-	100
Revenue from non-exchange transactions	-	(100)

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

32. Prior period errors (continued)

3. Property, plant and equipment

Understatement of property, plant and equipment due to the disclosure of assets that had been disposed of as well as omission of assets that should have been included in the assets register prior to 2016. The effects of the adjustments are as follows:

Property, plant and equipment (computer equipment)	-	109
Property, plant and equipment (furniture and office equipment)	-	7
Property, plant and equipment (other assets)	-	72
Loss on disposal of property, plant and equipment	-	(12)
Increase in accumulated surplus	-	(176)
	-	-

4. Receivables from non-exchange transactions

Understatement of receivables from non-exchange transactions due to unrecognised amounts in 2016. The effects of the adjustments are as follows:

Receivables from non-exchange transactions	-	482
General expenses	-	(248)
Employee related costs	-	(234)
	-	-

5. Employee benefit obligations

Overstatement of employee benefit obligation due to incorrect employee data applied in the actuarial valuation in the 2016 financial year. The effects of the adjustments are as follows:

Employee benefit obligation (current liability)	-	878
Employee benefit obligation (non-current liability)	-	1 643
Actuarial gain/ loss	-	(2 521)
	-	-

6. Receivables from exchange transactions

Understatement of receivables in 2016 due to unrecognised transactions. The effects of the adjustments are as follows:

Receivables from exchange transactions	-	19
General expenses	-	(19)
	-	-

7. Irregular expenditure

Understatement of irregular expenditure disclosed in 2016 due to the omission of a contract that was not awarded in compliance with the supply chain management regulations.

Opening balance as previously reported	-	2 191
Undisclosed irregular expenditure in 2016	-	683
	-	2 874

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

32. Prior period errors (continued)

33. Events after the reporting date

Non adjusting event after the reporting date was identified.

- The Legislature sold assets after yearend.
- The Legislature entered into a contract with Vodacom, the contract was effective from May 2017.
- Irregular expenditure for the Dimension Data contract for the upgrade of the Chamber has been subsequently condoned in full after the reporting date.

34. Going concern

The annual financial statements are prepared on a going concern basis. This basis presumes that the legislator 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. Secretary has reviewed the Legislature's ability to continue as a going concern for the year to 31 March 2018 and, in the light of this review and the current financial position, he is satisfied that the legislature has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Legislature is wholly dependent on the receipt of equitable share from National Treasury of R509 217 for continued funding of operations for the 2017/18 financial year. This funding has been approved as per the Medium Term Expenditure Framework of the Eastern Cape.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

35. Risk management

Financial risk management

The Legislature's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk (e.g. currency risk, fair value interest rate risk, cash flow interest rate risk and price 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.

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 twelve months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	36 820	-	-	-
Payables from non-exchange transactions	4 945	-	-	-

At 31 March 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	36 623	-	-	-
Payables from non-exchange transactions	5 382	-	-	-

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 of staff debtors. 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 management.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	31 March 2017	31 March 2016
Cash and cash equivalents	18 107	10 465
Receivables from exchange transactions	1 036	625

(All figures have been rounded to the nearest thousand Rand).

Market risk

Interest rate risk

As the Legislature has no significant interest-bearing assets, the Legislature's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Legislature does not hedge foreign exchange fluctuations and has limited exposure to foreign exchange risk.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

36. Irregular expenditure

	2017 R '000	2016 R '000
Opening balance	2 874	-
Add: Irregular expenditure - current year	13 442	2 874
Less: Condoned or written off by relevant authority	(6 215)	-
	10 101	2 874

The above balance relates to irregular expenditure for restrictive specifications during the procurement process, this has been subsequently condoned in full (R10 101) after the reporting date.

Analysis of expenditure awaiting condonation per age classification

Current year	10 101	2 874
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Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Engaging a service provider without following SCM processes	Condoned	10
Restrictive specifications	Not condoned	10 101
		10 111

37. Fruitless and wasteful expenditure

Opening balance	3	-
Add: Fruitless and wasteful expenditure current year	2	3
Less: Condoned or written off by relevant authority	(5)	-
	-	3

The above relates to interest that was incurred on late payment of supplier invoices. The delays were due to a lack of timely resolution of queries on invoices by the relevant suppliers.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Figures in Rand thousand

38. Budget

Material differences between budget and actual amounts

(All figures have been rounded to the nearest thousand Rand).

Sundry income

Recoveries were not budgeted for hence the variance.

Interest Received

Interest received was not budgeted for hence the variance.

Appropriations

The variance is noted as insignificant therefore no explanation required.

Gain on disposal of assets

The over collection in revenue was due to income received from sale of capital assets disposed during the year. Gains on disposal of assets were not budgeted for.

Donations

A donation was received as sponsorship for the 2017 SOPA event. This was not budgeted for.

Employee related costs

There is under spending in compensation of employees. Provision was made for budget adjustment for MPL salaries which are a direct charge to the vote. There was no salary increment proclaimed for the period being reported. There was also delays in the filling of funded posts as the Legislature was implementing a new organogram that required regarding of posts of which process was still in progress at year end. Filing of posts to be prioritised in the 2017/18 financial year.

Budget for Leave gratuities is also voted within this line item whereas expenditure is classified as transfers to households. Slow processing for filling vacancies resulted is also a contributing factor in the projected under expenditure.

Transfers and subsidies

Transfer payments include funding for political parties and payments for exit benefits for employees leaving the Legislature. The underspending in transfer payments is attributable to one political party which did not claim its fourth quarter transfer and a claim from another political party which was processed but rejected towards the end of March 2017 and could not be reissued. These amounts have been raised as accruals and payable respectively. For transfers to **households** is the expenditure incurred in respect of employee benefits for members and staff who have resigned during the year, of which budget has to be sourced from employee costs.

Allowance for credit losses

Allowances for credit losses are not budgeted for.

Gain on foreign exchange

Gains on foreign exchange transactions are not budgeted for.

Actuarial gains/ losses

Actuarial gains and losses are not budgeted for.

Explanation for the basis of budget preparation

The Legislature's budget is approved on a cash basis by functional classification. The approved budget covers the financial year from 01 April 2016 to 31 March 2017. The budget and the basis of accounting differ.

The financial statements are prepared on the accrual basis using a classification based on the nature of the expenses and carrying values in the statement of financial performance and the statement of financial position. Adjustments to the amounts in the financial statements for timing differences associated with the continuing appropriations were made to express the accrual amounts on a comparable basis to the final approved budget.

38. Budget (continued)

Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the year ended 31 March 2016 is presented on the reconciliation above. The financial statements and the budget documents are thus prepared for the same period, but there is a basic difference in that the budget is prepared on a cash basis and the financial statements on the accrual basis.

Changes from the approved budget to the

final budget Appropriation

Additional budget was requested for parliamentary services, chamber upgrade, increase in members' salaries and rollover of the previous year's unspent funds.

Employee related costs

Additional budget for increase in members' salaries.

Transfers and Subsidies

Additional budget for political party funding and allowances.

Goods and services

Reclassification of budget to capital expenditure for chamber upgrade.

PART F: INFORMATION OF POLITICAL PARTIES



Annual Report of the African National Congress 2016-17

1 EXECUTIVE SUMMARY

Consistent with the ANC's 53rd National Conference resolution to transform Legislatures and placing the ANC Caucus as the centre of decision making and accountability, this Annual Report gives insight into the activities of the ANC Caucus in fulfilling its responsibility of ensuring that the Legislature is indeed an activist and people – centred people's assembly.

Mzoleli Mrara
ANC Caucus Chief Whip

Study Groups

Study Groups convene to deal with matters affecting all Legislature Portfolio Committees, notwithstanding challenges in clashing political programmes. ANC Caucus Makgotla resolved to regularize study group meetings – coordination thereof still has room for improvement.

Legislature Portfolio Committees

The current clustered scheduling of Portfolio Committee meetings has assisted in streamlining focus and with convening of study group meetings. Oversight over the work of Government takes place over a three-week cycle, with particular focus on one cluster per week.

Over and above presentations from Government Department representatives, Portfolio Committees do entertain matters from concerned groups that have issues with the departments. Attendance in Portfolio Committee Meetings is much-admired and in cases of apologies, they are approved by the Office of the Chief-Whip.

The emerging reports from Committees indicate repetitive findings which are caused by non-implementation of House Resolutions by Departments. This compromises the intention of oversight and implications should be investigated, especially in relation to enforcing recommendations of the Auditor General. The recent Constitutional court findings on enforcing recommendations have a bearing on how Parliaments and Legislatures view and conduct oversight.

With reference to the Portfolio Committee on Safety and Liaison, there is difficulty with conducting oversight over a function which is a national competency. The challenge is that the implementation of every measure that seeks to improve policing in the province must first be approved at a national level.

Questions for Written and Oral Reply

This instrument plays an effective role of linking constituencies with Parliament and the Executive, as matters affecting constituencies on the ground are directly responded to by the Executive. Whippery coordinates and manages this area of responsibility. There has been significant engagement in this regard especially as a means of exercising vigorous accountability on the part of the Executive.

Petitions

The reports reveal slow progress in the resolution of petitions during the prescribed time. This has a bearing on gaining the confidence of the general populace. There are petitions which have not been resolved for some time, and petitioners often resort to violent protests as a means of drawing Government's attention to their concerns.

Effective Oversight

Strict adherence to Sector Oversight Model is observed. Departmental quarterly reports are being submitted and considered as required. The National Assembly is introducing Financial Management Regulations for Parliament and Legislatures Act in order to regulate financial matters. This may have serious implications to Transfers that are made to political parties, and for ANC Caucus financial management.

Public Participation

All Portfolio Committees are allocated public participation slots in the programme of the Legislature - these slots are used to visit projects supported by Government Departments, and for public participation programmes. Attempts are made to ensure that these engagements are spread across the Province. One major public participation event that is coordinated by the Institution is Taking Legislature to the People which is rotated in the regions and receives maximum participation of all stakeholders. The Legislature hosted a successful Taking Legislature to the People event in Buffalo City Metropolitan Municipality.

It is apparent that mobilization for public participation during public hearing at times on critical bills warrant greater involvement of Parliamentary Constituency Offices, which is an area that the Caucus is working on improving.

Strengthening of the Office the Chief Whip and Constituency work

The 53rd Conference of the ANC resolved that Chief Whip's Offices in all spheres of government should be the centre of decision making and as such, should be appropriately resourced. The Caucus has thus filled the position of Head of Caucus, and has engaged the Legislature in the process of resourcing the office of Chief Whip as the Chief Whip of the Legislature to enhance its capacity.

Institutional Role

The Chief Whip of the majority party has been institutionalized to be the Chief Whip of the Legislature. This makes it possible for the majority party to assume its political responsibility, which is to lead the implementation of Government programmes and policies. The Whippers, through the office of the Chief Whip, continues to ensure the effective development and implementation of the Legislative programme by doing the following:

- Liaising with the Executive through the Leader of the House;
- Facilitating the appointment of special delegates to the National Council of Provinces;
- Acting as a political liaison officer to the parliamentary parties;
- Arranging the number and order of Members who wish to speak in debate.

Deployment of MPLs to ANC Sub-committees

It is expected of all ANC MPLs to actively participate in the ANC Provincial Executive Committee sub-committees according to their spheres of deployment to the Legislature. All employees are aware and are actively involved in their respective sub-committees.

Provincial Chief Whips Forum

The National Chief Whips' forum has been convened numerous times during the Fifth Term of Government. In this forum, matters of deployment, staffing and Constituency work are discussed. The Whippers has also convened a provincial Chief Whips' Forum which is well attended. In this forum, the Chief Whips of Municipalities share information and best practices in an attempt to develop common approaches to issues as far as possible. They the convening of this forum has been widely appreciated.

As the organization has declared Mondays and Fridays as ANC and Constituency days, the Whippery encourages members to utilise Fridays to link with Public Representatives at local level in their Constituencies. The period under review has truly been a busy year for the ANC Caucus, and I wish to extend a sincere word of gratitude to the Whippery for the role played in ensuring that the **Caucus** ship is steered in the right direction; as well as to the MPLs for their outstanding support in ensuring effective oversight, public participation and law-making.

Yours in the struggle for a better life for all,

Mr M Mrara (MPL)
ANC Caucus Chief Whip

2. REPORT FROM THE HEAD OF CAUCUS SUPPORT SERVICES

The year under review proved to be rather eventful for the ANC Caucus. As a Caucus which seeks to establish itself as a vibrant nucleus of the operations of the Legislature, a marked improvement has been noted in the planning and execution of programmes as well as support to Members of Provincial Legislature. The Caucus has been in the process of ensuring strict controls in an effort to professionalise staff and operations. In this regard, the Caucus endeavours to promote:

- A coherent Caucus with a shared vision on the transformative agenda of the ANC in the Legislature;
- Professionalization of the work of Caucus;
- An improved efficiency of Caucus Offices that provides effective support to Members;
- Improved efficiency and effectiveness of Parliamentary Constituency Offices;
- A capable workforce; and
- A viable institution that adheres to principles good governance.

Therefore, the ANC Caucus has made strides on the development and improvement of the following areas:

- Development of Caucus Annual and Operational Plans;
- Drafting of Standard Operating Procedures and Caucus policies;
- Creation of templates to ensure uniformity, consistency and standardisation of the work of Caucus;
- Improved support for Members' debates and questions
- Standardisation of Work Plans and performance agreements and quarterly reviews;
- Submission of disclosure forms by all Caucus staff as to promote principles of good governance
- Standardisation of Lease agreements and ensuring that all PCOs have sound and valid lease agreements;
- Strengthening of leave management and reporting for duty;
- Filling of all vacant funded posts;
- Initiation of a process of training of staff;
- Strengthening of constituency work;
- Maintenance of a clean audit and paid all our financial obligations

The period under review has seen the participation of ANC Caucus officials in the following initiatives in an effort to improve on the support granted to MPLs:

- Regular submission of Questions for Oral and Written reply;
- Attendance and support in study group and Portfolio Committee meetings
- Provision of speakers notes in an effort to assist in advancement of ANC policy during House sittings;
- Preparation of Motions and statements to effectively communicate the ANC's position on particular matters of public importance;
- Conduction and analysis of field-work surveys in preparation for the Annual Taking Legislature to the People;
- Supply of hi-tech office equipment to Parliamentary Constituency Offices in an effort to ensure that our offices are run efficiently; and
- Timeous transfers of funds and provision of stationery to support the efficiency of Parliamentary Constituency Offices.

Mr M Rune
Head of Caucus Support Services
ANC Caucus
Eastern Cape Provincial Legislature

3. PURPOSE

The report seeks to present the following:

- An account of the performance of the ANC Caucus against its set targets for 2016/17 financial year
- Expenditure and income for 2016/17
- Plans of the Caucus to effectively discharge its function and the support it requires

4. ANC CAUCUS MANDATE

The ANC Constitution defines "Caucus" as an organised group of public representatives of the same political party which exists as a structure or institution at each respective sphere of governance, and which meets privately to discuss policy, issues pertaining to voting and strategies in preparation for open meetings with other political parties where such policies are discussed and voting takes place. In terms of Rule 5.2 k of the ANC Constitution, it is the duty of ANC members who hold elective office in any sphere of Government to be members of the appropriate Caucus, to function within its rules, and to abide by its decisions under the general provisions of the Constitution and the constitutional structures of the ANC.

The Members of the ANC Caucus at all levels of their deployment, derive their broad mandates from Caucus. At all material times such mandates will be consistent with resolutions of the ANC constitutional structures. The sum total of ANC members of the Provincial Legislature, including the Premier and members of the executive council (MEC) constitute the ANC Caucus. The Caucus is a very important structure and its attendance is compulsory to all ANC public representatives. The ANC Caucus consists of all ANC Members of Parliament.

The principal tasks of caucuses of political parties are to keep MPs of each political formation informed about the Parliamentary programme and to enable the MPs to discuss and agree on the approach of their parties to all matters on the parliamentary agenda. They also serve as the organ within which those elected by Caucus to Parliamentary positions account to the organization as well as serving as institutions that ensure the accountability of members of Caucus. Caucuses also serve as the point of contact between the MPLs and the leadership of the ANC. Caucuses manage the work of the Study Groups, which play the role of Portfolio Committee caucuses, and are therefore sub-structures of the Caucus. As stated above Committee and Study Group Chairpersons report to Caucus through the Chief Whip.

ANC Caucus carries out the above functions under the supervision of the Political Committee. The Constitution of the ANC further entrusts the Provincial Executive Committee of the ANC with authority. The Powers and Duties set out in section 19.9.8 stipulate that the PEC shall supervise and direct the work of the ANC and all its organs in the Province, including the ANC provincial and local government caucuses. Rule 20.3.2 further states that the Provincial Working Committee shall conduct the current work of the ANC in the Province and ensure that Regions, Branches and all other ANC structures, such as Parliamentary Caucuses, carry out the decisions of the ANC.

On its resolutions of the 53rd Conference, the ANC asserted that:

Caucuses play an important role in coordinating Legislative approaches to ANC policy, and the oversight and monitoring of policy implementation. Caucuses, together with the constitutional structures, are also responsible for the deployment of ANC public representatives to constituencies. Caucuses should also assist the Treasurer General's Office at all levels by encouraging public representatives to collect and monitor payment of levies. Firm action should be taken against members who do not pay their levies. Caucuses are important links between the constitutional structures of the ANC and Government.

5. CAUCUS ADMINISTRATION

5.1 INTERGRATED HUMAN RESOURCE MANAGEMENT

The Caucus endeavours to promote:

- A coherent Caucus with a shared vision on the transformative agenda of the ANC in the Legislature;
- An effective ANC Caucus that provides leadership to the entire Legislature;
- Professionalization of the work of Caucus;
- An improved efficiency of Caucus Office that provides effective support to Members;
- Improved efficiency and effectiveness of PCO;
- A capable workforce; and
- A viable institution that adheres to principles good governance.

Therefore, the ANC Caucus is making efforts towards improving on the following areas:

- Development of Caucus Annual and Operational Plans;
- Drafting of Standard Operating Procedures and Caucus policies;
- Templates to ensure uniformity, consistency and standardisation the work of Caucus have been approved and are in effect;
- Standardisation of Work Plans and performance agreements and quarterly reviews;
- Submission of disclosure forms by all Caucus staff;
- Standardisation of Lease agreements and ensuring that all PCOs have sound and valid lease agreements;
- Strengthening of leave management and reporting for duty.

5.1.1 HUMAN RESOURCE MANAGEMENT SERVICES

5.1.1.1 Tools of trade

Staff, both in the Legislature and PCOs has new computers and printers. The telephone lines, internet connection and electricity are all in working order. Repartitioning of the offices remains the Legislature's responsibility. It was reported that there is no budget for the Department of Roads and Public Works to commence with partitioning of Members' offices.

5.1.1.2 Office space allocation and equipment status

It remains the persuasion of Whippy that because PCOs are an extension of the Legislature, the latter must provide at least tools of trade and furniture to the PCOs - however this has not been realised. As things stand, the Caucus provides for furniture in the PCOs and all the requests for furniture have been noted and will be acted upon once the financial situation of the Caucus improves as currently there is no budget.

5.1.1.3 Resignations

After the 2016 Local Government Elections, the Caucus saw the following changes to the staff component:

- Three General Assistants and one Administrator joining Local Councils from PCOs;
- Two General Assistants Stutterheim and Whittlesea PCOs have resigned.
- Two Secretaries to MPLs have resigned after accepting offers from the Legislature in the Public Participation unit and Committees respectively.
- A Researcher has joined the Legislature in the Office of the Speaker.
- In these cases, staff indicated pursuance of greener pastures and job security as the main cause for career changes. Staff members graduate from institutions of higher learning, and there is limited upward mobility in the Caucus.

Below is a table of staff members who have resigned:

Category – Surname and Name

Administrator – Mr Tshaka Morgan	Motherwell PCO
General Assistant – Mrs Mtshawulana	Nomfusi Engcobo PCO
General Assistant – Ms Zweni	Yandiswa Steynsberg PCO
General Assistant – Ms Livi Sindeka	Elliotdate PCO
General Assistant – Ms Ntombekhaya	Komna Stutterheim PCO
General Assistant – Mr Dastile	Whittlesea PCO
Secretary – Mr Tolashe Luvuyo	ANC Caucus Bhisho
Secretary – Ms Zoleka Rolinyathi	ANC Caucus Bhisho
Researcher – Mr Mkebe Sivuyile	ANC Caucus Bhisho
Researcher – Mrs Bukiwe Ncipa-Wali	ANC Caucus Bhisho



The importance of a strong opposition that is able to fulfil its mandate of holding the government to account and putting forward alternatives remained the core focus of the work of the Democratic Alliance in the legislature. The provincial departments and their various parastatals were scrutinised by means of portfolio committee meetings, oversight visits and legislature debates where the DA made consistent contributions and promoted our positive alternatives based on solution-driven policies. Continued, fact-based oral- and written parliamentary questions to MECs and their departments ensured that our role in upholding oversight and accountability of the government is achieved.

Following on the DA's success in becoming the official opposition in the Eastern Cape Provincial Legislature in April 2014, the party set its sights on becoming the governing party in the Nelson Mandela Bay Metro after the 2016 local government elections. We are exceptionally proud of this achievement, not only winning two municipalities, namely the Nelson Mandela Bay Metro and Kouga Municipality, but also increasing our support throughout the province. We accept the responsibility that goes with this growth with humble appreciation.

Our success in the 2016-elections did, however, bring forth a number of changes to the caucus. The caucus leader, Hon. Athol Trollip, resigned to take up his role as Executive Mayor of Nelson Mandela Bay. Our representative in the National Council of Provinces (NCOP), Hon. Elza van Lingen, also resigned, to take up her seat as Mayor of the Kouga Municipality. A third vacancy in the legislature's DA-caucus occurred, when Hon. Ross Purdon was called to serve as a member of the National Assembly. Our vacancy on the NCOP was filled by Hon. Vusumzi Magwebu. On 21 November 2016, Hons .Nosimo Balindlela and Jane Cowley were sworn in as Members of the Eastern Cape Provincial Legislature, to again fill our 10 seats in the DA-caucus.

The caucus continued its work under the leadership of Hon. Bobby Stevenson with Hon. Edmund van Vuuren as Chief Whip, Hon. Marshall von Buchenroder as Caucus Chairperson and Hons. Veliswa Mvenya and Kobus Botha as Whips.

Portfolios were allocated as follows:

Hon. Bobby Stevenson: Finance, Safety and Security and Scopa

Hon. Edmund van Vuuren: Education

Hon. Marshall von Buchenroder: Transport

Hon. Veliswa Mvenya: Rural Development and Agrarian Reform

Hon. Kobus Botha: Social Development

Hon. Celeste Barker: Health

Hon. Sanele Magaqa: Human Settlements

Hon. Vicky Knoetze: Roads and Public Works, Cooperative Governance and Traditional Affairs

Hon. Nosimo Balindlela: Sport, Recreation, Arts and Culture

Hon. Jane Cowley: Economic Development, Environmental Affairs and Tourism

While our profile of public participation in the affairs of the legislature remained high, the role of our nine support staff members remains pivotal in ensuring the success of the team. MPLs and support staff continued in resolving an ever-increasing number of queries from the general public.

After the 2016-elections, we said farewell to Amanda van Wyk, Personal Assistant to the Leader as well as Tessa Botha, Political Assistant to Hons. Kobus Botha and Marshall von Buchenroder. We are extremely proud of Mrs Botha, who was elected councillor in the Buffalo City Metro. In October 2016 we welcomed new staff members, Angelique Fraser and Roché Groom.

Support staff allocated to members:

Personal Assistant to the Leader in the Legislature, Hon. B. Stevenson:

Anathi Majeke

Personal Assistant to the Chief Whip, Hon. E. van Vuuren:

Nalisha Dhaya-Nagar

Political Assistant to the Caucus Chair, Hon. M. von Buchenroder and for Hon. S. Magaqa:

Roché Groom

Political Assistant to the Whip, Hon. V. Mvenya and for Hon. J. Cowley:

Linda Mputa

Political Assistant to the Whip, Hon. K. Botha and for Hon. Nosimo Balindlela:

Angelique Fraser

Political Assistant for Hon. C. Barker and Hon. V. Knoetze:

Gerrie Willemse

Research and media:

Cecile Greyling

Media officer:

Phindi Sogoni

Researcher:

Marissa Thring

The caucus continued to ask its full complement of parliamentary questions by means of weekly question papers for written reply as well as oral question papers during sittings of the legislature. These questions lead to successes in resolving queries and exposing issues ranging from corruption, maladministration to ensuring payment of pensions, salaries and suppliers as well as halting of the wastage of public funds.

Without the questioning procedure, our task would be even more challenging in guarding against the wastage of public funds and improving governance in the province. Our democracy is enriched by this process.

The breakdown below of the questions submitted to the various departments and executive members during the period 1 April 2016 to 31 March 2017, bears testimony to our commitment:

PARTY	WRITTEN QUESTIONS	ORAL QUESTIONS
African National Congress	11	41
Democratic Alliance	268	48
United Democratic Movement	0	3
Economic Freedom Fighters	0	0
Congress of the People	3	3
African Independent Congress	0	0
Total:	282	90

Our MPLs fulfil a two-fold role in ensuring that the interests of our citizens, across the entire province, are protected in the best way possible, operating in the legislature as well as in constituencies. The DA representatives had regular ground level interaction with the public. Our constituency offices are an important link between the public and the legislature. Our MPL outreach activities within the constituencies continue to facilitate directed interaction with the electorate. This ensures that we improve service delivery in government, its departments and municipalities. Our ultimate goal remains to improve the quality of life of all the people in this province.

The DA MPLs were allocated the following constituencies:

Hon. B. Stevenson: PE Southwest

Hon. E. van Vuuren: PE Northern Areas

Hon. M. von Buchenroder: Winterhoek

Hon. V. Mvenya: Phesheya Kwenciba

Hon. K. Botha: EC Midlands

Hon. Celeste Barker: Chris Hani West

Hon. Sanele Magaqa: Alfred Nzo

Hon. Vicky Knoetze: Dr Beyers Naudé

Hon. Nosimo Balindlela: Kubusie

Hon. Jane Cowley: Frontier

The DA consistently succeeds in promoting public participation in the affairs of the legislature. This is achieved through vigorously pursuing issues in the media and on our social media platforms together with on-the-ground engagements.

As we look toward the future and particularly 2019, we will continue to defend and promote democracy by holding the current ruling executive to account in the Eastern Cape Provincial Legislature.

We can proudly illustrate our achievements over the past year and are fully committed to ensuring the Eastern Cape becomes a province of rising opportunity for all.

Hon. Bobby Stevenson MPL

DA Leader in the Provincial Legislature

Progress Report: United Democratic Movement



MASIZA M. MHLATI
PROVINCIAL LEADER

UDM POLITICAL REPORT FOR THE 2016/17 ANNUAL REPORT



The UDM has received three sources of funding from the Eastern Cape Legislature, the first thereof being the Constituency Allowance fund which amounted R2 867 543,00. The funds have been utilized in renting offices of the Party in Mthatha, Butterworth, Elliotdale, Lusikisiki, Queenstown, Cofimvaba, Mt Ayliff, East London and Port Elizabeth. The salaries of the staff who are manning these offices have been met out of these funds. Besides the issue of attending to members of communities who come to the offices, they also assist people with their complaints affecting the offices of Home affairs for Identity Documents and SASSA offices for social grants.

The second funding is the Political Allowance of R2 318 389,00 which is used by the UDM for the promotion of Multi-Party democracy through the arrangements of political rallies of the UDM in the various Regions of the Party and the printing of t-shirts and flyers for distribution to the voters. This funding is of great assistance to the Party as the structures of the Party are able to attend UDM Conferences through the financial assistance of hiring buses and taxis to transport members.

Campaigns are arranged and addressed throughout the Eastern Cape and people are transported such as volunteers and Party Agents get food out of these funds during elections when they perform duties in the voting stations. During the Local Government Elections these funds were of great assistance.

The third funding is the Caucus Fund of R1 192 148,00 which is used solely for travelling and subsistence of the UDM Members of the Legislature and Support Staff. Training for the Support Staff and purchase of the tools of trade are met out of this fund. The members are able to be available in all areas where they are required for duty pertaining to all Party matters.

Masiza Maxwell Mhlati
Provincial Leader (MPL)



CONGRESS OF THE PEOPLE



ANNUAL REPORT 2016/2017

The Congress of the People's focal point was, to disseminate information regarding public services to areas where Communities are not exposed to such information especially the rural areas. This information was compiled and distributed to the public through our Constituency Offices, and during MPL Sharpley's outreach activities such as Public meetings, Constituency visits.

In the year under review Public and Constituency meetings were held in the following areas, the Constituency and Caucus funds COPE receives from the Legislature was used to pay for the travelling and catering for the meetings, as well as preparing for Local Government Municipal elections.

These areas were visited:

- Gqungqe in Centane Butterworth
- Ngqamakhwe
- Cookhouse Sommerset East,
- Butterworth
- Queenstown
- Nelson Mandela Metro.
- Libode
- Canzibe in Ngqeleni
- Port St Johns.

MPL Sharpley continued his oversight duties in the Legislature through his involvement, in the Portfolio Committees; Health, Rural Development and Agrarian Reform, Standing Committee on Public Accounts, Rules Committee and moved from OTP to Co-operative Governance and Traditional Affairs. Currently, COPE has three Constituency Offices situated at 39 Alexandra Road King Williams Town, the other at 30 Bell Street Butterworth, and at 32 Robinson Road Queenstown the offices are fully furnished and staffed. Through the Constituency fund COPE receives from the Legislature, Staff salaries are paid as well as the maintenance of the Offices. The Constituency Offices serve as a link between the respective Communities and COPE Office in the Legislature, the members of the Community make use of these Offices by submitting their service

delivery problems. Through the Researcher in the Legislature these problems are forwarded to the respective Departments by means of Questions for Oral and Written Reply, responses to the Questions are forwarded to the Constituency offices where the members of communities can easily access them, some of the problems sent the Departments were able to swiftly attend to the communities concerned.

Staff members:

COPE Legislature Office:

- Secretary
- Researcher

COPE Constituency Office King Williams Town:

- Office Manager.

COPE Constituency Office Butterworth:

- Office Manager.

COPE Constituency Office Queenstown:

- Office Manager.

Hon. L. K Sharpley

COPE Leader (MPL)



15 AUGUST 2017

TO: EASTERN CAPE LEGISLATURE

EASTERN CAPE PROVINCE

BISHO

RE: REPORT ON EASTERN CAPE POLITICAL FUND

Attached to this letter is a report compiled by the Secretary General of the AIC on Eastern Cape Political fund.

This report covers the period from 2016 to 2017. We do hope that you will find this report as one of the means of accounting and showing appreciation for this funding support.

Thank you in advance for accepting it and your cooperation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S.M. Jafta'.

S.M. JAFTA

SECRETARY GENERAL (AFRICAN INDEPENDENT CONGRESS)

“FOR REAL DEMOCRACY”

AFRICAN INDEPENDENT CONGRESS

REPORT FROM 2016/2017

The year 2016 has been a very busy year for all political parties as it was the year for the Local government elections in the country. All parties were in need of the resources to pursue their campaigns and strengthen their visibility. Though it became very difficult for those not represented in the legislatures, especially the Eastern Cape legislature, the political funding that the political parties represented in this legislature got eased their work.

The AIC, represented in the legislature got the same opportunity to be funded and pursue its campaigns for the 2016 local government elections without facing much challenges. It is why we want the legislature to know that we appreciate a lot the assistance given in the form of political funding as it also gives the smaller parties like the AIC AN opportunity to grow.

We are saying that because out of seventeen (17) councillors we had in the last term of local government elections, we managed to triple that number and got 63 councillors in 2016 local government elections. We are now having councillors in all eight provinces of the Republic except one which is Limpopo province. We are very much aware that without this funding we could have not grown so fast and bigger.

Secondly, our party had been experiencing problems in remunerating the staff that is assisting it grow. Though we still lack the human resources, we needed

to give incentive to the fewer to fewer we have. We could not do that without the political funding from Eastern Cape. This therefore assisted AIC stabilise the problem it had concerning the remuneration of staff incentives.

The AIC had to successfully organise its political activities like manifesto launch before 2016 local government elections. The party is now known to every part of the Republic due to this financial resource or support. We remain confident that the AIC will continue accounting for all the income received and keep it growing. This therefore ensures the sustainability of the party.

We are so thankful for your continued support to our organisation and appreciate it very much. We promise that we will continue using this funding for the best interest of our communities. We are convinced that through this funding our communities will be politically educated which will ensure political tolerance amongst these communities.

Thank you again for supporting the party.

