ANNUAL REPORT

2020 | 2021

ecsecc
eastern cape socio economic
consultative council

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GENERAL INFORMATION

ECSECC'S GENERAL INFORMATION

REGISTERED NAME:	Eastern Cape Socio-Economic Consultative Council
REGISTRATION NUMBER:	1999/024315/08
PHYSICAL ADDRESS:	12 Gloucester Road Vincent East London 5217
POSTAL ADDRESS:	Postnet Vincent Private Bag X 9063 Suite No. 302 Vincent 5247
TELEPHONE NUMBER:	(043) 701 3400
FAX NUMBER:	(043) 701 3415
EMAIL ADDRESS:	info@ecsecc.org
WEBSITE ADDRESS:	www.ecsecc.org
EXTERNAL AUDITORS:	The Auditor-General of South Africa
BANKERS:	First National Bank
BOARD SECRETARY:	Ms Nozuko Somniso
TAX EXEMPTION:	Reference Number: 930031288 under section 30(3) of the Income Tax Act No. 58 of 1962 (the Act).

ABBREVIATIONS AND ACRONYMS

ADM	Amathole District Municipality
AIDS	Acquired Immune Deficiency Syndrome
ANDM	Alfred Nzo District Municipality
ART	Anti-Retroviral Treatment
BCC	Buffalo City College
BCMM	Buffalo City Metropolitan Municipality
BI	Business Intelligence
CDC	Coega Development Corporation
CHC	Community Health Centre
COGTA	Cooperative Governance and Traditional Affairs
DDM	District Development Model
DoH	Department of Health
EC	Eastern Cape
ECAC	Eastern Cape AIDS Council
ECDoH	Eastern Cape Department of Health
ECIP	Eastern Cape Infrastructure Plan
ECNGOC	Eastern Cape NGO Coalition
ECPC	Eastern Cape Planning Commission
ECPDP	Eastern Cape Provincial Development Plan
ECPICC	Eastern Cape Infrastructure Co-ordination Team
ECPT	Eastern Cape Provincial Treasury
ECSECC	Eastern Cape Socio Economic Consultative Council
ELIDZ	East London Industrial Development Zone
EXCO	Executive Council
GDP	Growth Domestic Product
GIZ	German Development Corporation (Gesellschaft für Internationale Zusammenarbeit)
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HRDC	Human Resource Development Council
HRD	Human Resource Development
HTS	HIV Testing Services
ICT	Information Communication Technology
IDP	Integrated Development Plan
IESBA	International Ethics Standards Board for Accounts
IGR	Intergovernmental Relations
IPCO	Infrastructure Planning Co-ordination Office
LGBTI	Lesbian, Gay, Bisexual, Transgender, Intersex
MerSETA	Manufacturing, Engineering and Related Services Sector and Training Authority
MTEF	Medium-term Expenditure Framework
MOU	Memorandum of Understanding
NGO	Non-governmental Organisation
MEC	Member of the Executive Council
NACI	National Advisory Council on Innovation
NHLS	National Health Laboratory Services
NPC	Non-profit Company
NSP	National Strategic Plan
ORTDM	OR Tambo District Municipality
OTP	Office of the Premier
PDP	Provincial Development Plan
PICC	Presidential Infrastructure Co-ordinating Commission
PIP	Provincial Implementation Plan
PFMA	Public Finance Management Act
PLHIV	People Living with HIV
PMO	Project Management Office
POC	Political Oversight Committee
PSJLM	Port St Johns Local Municipality
PSP	Provincial Strategic Plan
RDP	Rural Development Plan
SIP	Strategic Infrastructure Project
SLA	Service Level Agreement
STEEP	Social, Technology, Economic, Environment & Politics
STI	Sexually Transmitted Disease
TARDI	Tsolo Agriculture and Rural Development Institute
TB	Tuberculosis
TVET	Technical Vocational Education and Training
VMMC	Voluntary Medical Male Circumcision
UFH	University of Fort Hare
WAD	World AIDS Day
YOLO	You Only Live Once

FOREWORD
BY THE CHAIRPERSON

It is with pleasure that I table this Annual Report for the financial year 2020/2021. The year 2020/2021 was the first year in a new strategy period, and a period of adjustment and change as the Covid-19 pandemic engulfed the globe. Nonetheless, ECSECC in this financial year maintained a stable operating environment and achieved its close to 100% of its targets. The work and commitment of the Board of Directors, the CEO and management is evident in the ongoing achievements of the organisation. We also thank the Office of the Premier and the Eastern Cape Provincial Legislature for the effective oversight and unwavering support to the entity.

ECSECCs vision is to see a "prosperous and productive Eastern Cape where all people realise their potential". The entity's mission is to be a multi-stakeholder centre of excellence in strategic foresight, social collaboration and innovative solution design.

For the 2020-25 strategy period, ECSECC will focus its operations on four main outcomes:

- Outcome 1: A developmental state that actively leads development through partnerships
- Outcome 2: An inclusive economy that grows sustainably, created decent jobs and is innovative
- Outcome 3: A healthy, educated and productive workforce and citizenry

I would like to highlight the following achievements of the entity in the pursuit of the outcomes, mission and vision in the year under review:

- Research on Covid-19 socio-economic impact across economy, labour market, social sector, health and HIV services access, conducted in-house, through stakeholder councils and in partnership with Universities and Research Councils. Insights are shared across multi- stakeholder platforms. Development and publication of live included Covid-19 dashboards consolidated on single access platform and updated daily with latest available Covid-19 infection and patient data. Dashboards are adjusted and re-designed in line with the phases of the provincial and national campaign. Provision of GIS support to the Community Health Stream.
- Stakeholder dialogue, policy briefing and response planning on post Covid-19 recovery. This includes support to and development of successive provincial response plans and resurgence plans; economic recovery strategy and mobilisation of economic and HRD Council stakeholders for dialogue, joint analysis of impact and collective response planning.
- Establishment of an ECAC Civil Society Nerve centre to mobilise civil society response to the pandemic, ensure access to health and other services are not compromised.
- ECSECC facilitated coordination of resource mobilisation for strategic initiatives and strategic engagement with national government in this regard.
- Technical and strategic support to the roll-out of the District Development Model at provincial and district level.

In the year ahead, ECSECC will support the Office of the Premier in stabilising and implementing the strategic agenda for recovery and re-building from the pandemic. As a multi-stakeholder council, ECSECC works to connect people and institutions and facilitate development action, and the work is centred on our value proposition of providing strategic advice for development action across the eastern Cape. As the world is changing rapidly, ECSECC seeks to be a Socio-Economic Compass that navigates uncertainty; co-creates visions; and put strategic information to work.

Chairperson of the ECSECC Board

Mr Mbulelo Sogoni

Date: 26 August 2021

01 CHIEF EXECUTIVE OFFICER'S OVERVIEW

In this report we provide a report on the performance of the entity, the status of governance, human resources and the financial performance of the entity. This Annual Report includes the report of the Auditor-General Report on the Financial Statements and the Annual Performance Report. The Auditor General has found no matters of emphasis and as such, ECSECC this year received its 9th consecutive unqualified audit.

Overall, ECSECC achieved 128 targets achieved against 129 planned targets (101%). There was some underperformance, however this was offset by higher than planned performance in other areas, such as support to all departments in the preparations for the 2021/22 planning cycle and research outputs. Each programme has their performance areas and targets, and highlights of the performance is outlined in this report. ECSECC did not re-table its APP in the financial year, and adjustments to the Covid-19 situation were made in the operational plan.

We would like to highlight that the 2020/21 financial year was focused on establishing the PMO and completing the first two phases of its operations. Phase 1 was aimed at operating a pilot version of the Khawuleza PMO and as the focus is on establishment and dedicated teams are being recruited.

General Financial Review of ECSECC, Outlook and Plans

Spending Trends of ECSECC

ECSECC has been able to manage the budget and spending appropriately. The Entity has moved swiftly in implementing the projects within PMO Khawuleza programme which was establish in 2019/20 financial year.

ECSECC had a total adjusted revenue of R67 412 205 budgeted for in 2020/21, an amount of R64 133 485 was spent which represents 95% of the total allocation. An amount of R2,961,340 has been surrendered to the Provincial Treasury during the year. The detailed information for actual spending and budget is included in the Annual Financial Statement.

Requests for Roll Over of Funds

ECSECC applied for a roll over from the Provincial Treasury. The entity applied for an amount of R9,658,919 which included funds from 3rd party and accruals. The detailed application is contained in note 12 of the Annual Financial Statements.

Supply Chain Management

ECSECC, again managed to uphold good internal controls and systems within the Supply Chain Management unit. There was no irregular expenditure incurred in 2020/21 financial year at ECSECC. The entity was also audited by Internal Auditors on SC, there were no significant findings noted.

Previous Year's Findings

There were no significant matters raised by the Auditor-General in the previous financial year.

Partnerships

As a stakeholder-based organisation, ECSECC's work is carried out through strategic partnerships. Our main partners are those that make up the Board of Directors: The Office of the Premier; business; labour; higher education and the NGO sector; the South African Local Government Association (SALGA); and municipalities. In addition to these sector leaders, ECSECC has close relationships and partnerships with a range of organisations. In the year under review, ECESCC had Service Level Agreements with OR Tambo District and Ntabankulu Local Municipality for long term municipal development planning. A partnership was in place with Nelson Mandela University for economic research. Close relationships have been formed with the Presidency and state-owned entities in infrastructure finance and governance. Further, ECSECC has worked closely with UNDP in the building of foresight capacity in the public sector.

The Eastern Cape AIDS Council works with a wide range of international and domestic partners, including UNAIDS, UNFPA, NACOSA, Khethimpilo, Small Projects Foundation, DG Murray Trust, TB / HIV Care Foundation, HEAIDS, Restless Development, Beyond Zero, PEPFAR, GIZ, AIDC and the South African National AIDS Council. Without the support of these partners, ECACs work could not have been executed in the year under review.

The HRD Council is made up of universities, TVET colleges, SETAs and other skills development actors in the province. We would however like to particularly highlight our partnership with Coega Development Corporation Human Capital Solutions, without which we would not have made progress in the development of the HRD Strategy for the province.

Acknowledgements and Appreciation

I would like to thank the Chairperson and members of the Board of Directors and the Audit, Risk and ICT Committee of ECSECC for the support and leadership in the year under review. I thank employees and management for their contribution to the organisation and the strides we have made in our projects.

Chief Executive Officer

Mr Luvuyo Mosana

Date: 26 August 2021

02 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the General Recognised Accounting Practices (GRAP) standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully,

Chief Executive Officer

Mr Luvuyo Mosana

Date: 26 August 2021

Chairperson of the ECSECC Board

Mr Mbulelo Sogoni

Date: 26 August 2021

03 STRATEGIC OVERVIEW

VISION

The vision of ECSECC is: "A prosperous and productive Eastern Cape where all people realise their potential".

MISSION

To be a multi-stakeholder centre of excellence in strategic foresight, social collaboration and innovative solution design.

VALUES AND PRINCIPLES

ECSECC continues to be driven by values of a just society together with the professionalism of international cutting-edge socio-economic policy research institutes.

The values below have been developed based on employee contributions and discussions:

Value	Value statement
1. Social justice	We embrace socially just values and such as the equal worth of all citizens, the need to provide equal opportunity and eliminate inequality and injustice based on race, gender, sexuality, age, ability or any other grounds. Our values are based on universal human rights and the Constitution of South Africa.
2. Respect	We have respect for every person, their unique ideas, beliefs, cultures, personal situations, resources, values, priorities and objectives in an equal manner. The act of listening is critical, and the value of respect is premised on understanding and empathy.
3. Excellence	We are committed to excellence, to always providing value to our partners and stakeholders. We set and achieve ambitious goals and model positive examples.
4. Learning and innovation	We practice life-long learning and cultivate a culture of learning in the organisation and through our work. We actively learn from each other and are willing to take on new challenges to learn and grow. We are open to ideas that challenge conventional views and we drive innovation by creating safe spaces for learning through action.
5. Integrity	We strive for high integrity by being honest and demonstrating sound moral and ethical principles. We are true to our values, act in accordance with them and consider the consequences of our actions on others.
6. Collaboration and Co- creation	As a multi-stakeholder council, we believe in the power of working across multiple organisations and constituencies. Multiple stakeholders come together to co-create new policies and practices to generate system-wide change. We practice collaboration between colleagues and teams in the organisation and base this in strong communication.

04 ECSECC MANDATE

ECSECC operations are based on the constitutional mandate for the Office of the Premier (OTP). The constitutional mandate of the Premier gives the Premier and the Executive Council the authority over a province by implementing provincial legislation in the province. This includes:

- Implementing all national legislation within the functional areas listed in Schedule 4, except where the Constitution or an Act of Parliament provides otherwise.
- Administering national legislation outside the functional areas listed in Schedules 4 and 5, which have been assigned to the provincial executive in terms of an Act of Parliament.
- Developing and implementing provincial policy.
- Co-ordinating the functions of the provincial administration and its departments.
- Preparing and initiating provincial legislation; and
- Performing any other function assigned to the provincial executive in terms of the Constitution or an Act of Parliament.

The Office of the Premier carries out a constitutional mandate of providing strategic leadership in policy development, planning and implementation. In its dual role, ECSECC provides the strategic intelligence that is required for the Premier to execute this mandate and serves as

an apex stakeholder platform for co-creating and embedding the future vision for the Eastern Cape.

The mandate of ECSECC is given by the ECSECC's Founding Document:

"The principal objective of the Council will be to advise and assist the provincial Government to achieve an integrated development strategy for the province and its constituent regions,

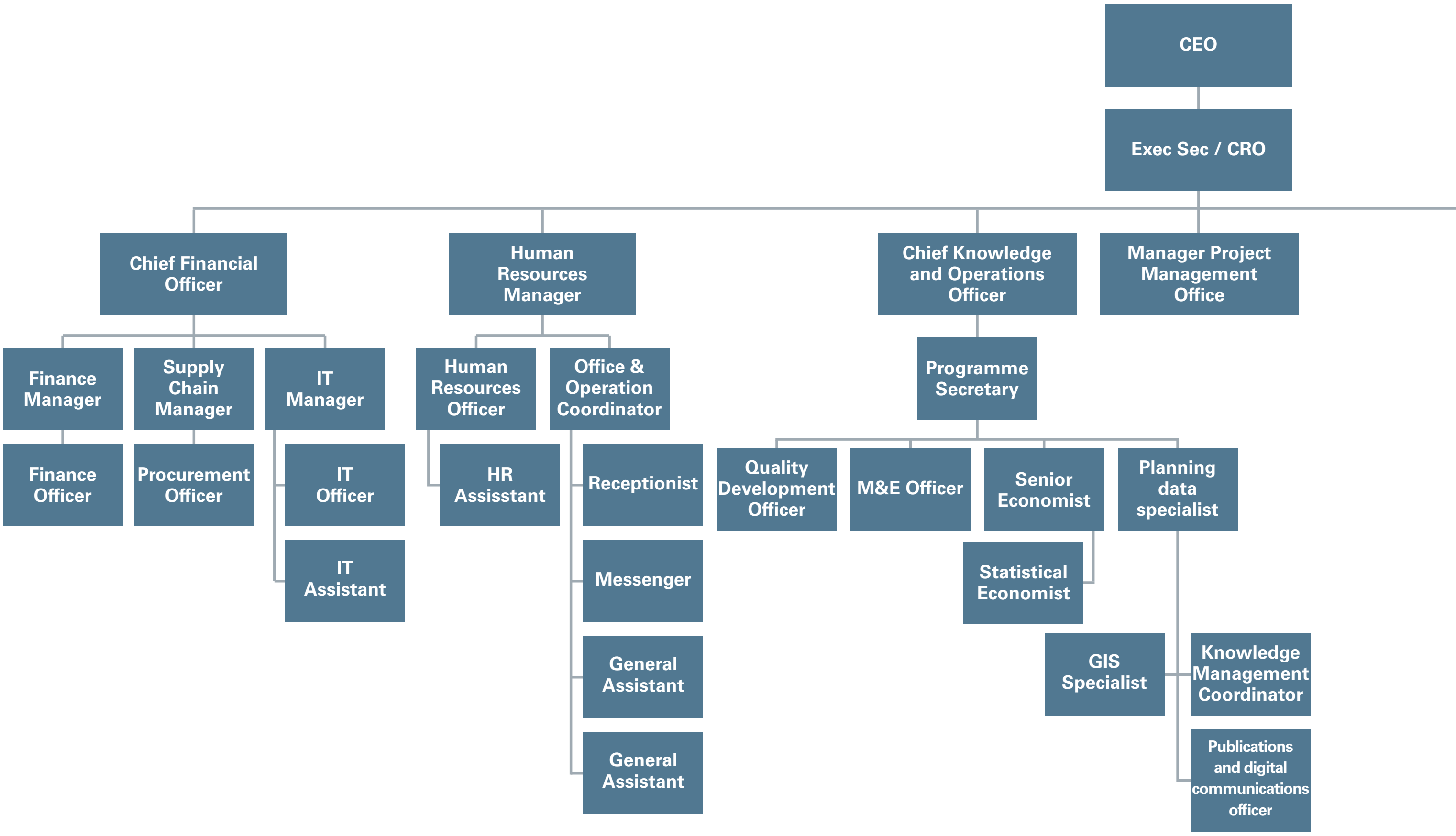
to address the economic development of the province in terms of the RDP, and in particular the needs of the deprived communities and underdeveloped areas. The Council will achieve this through a planning and development process which can give effect to both strategy and operational issues."

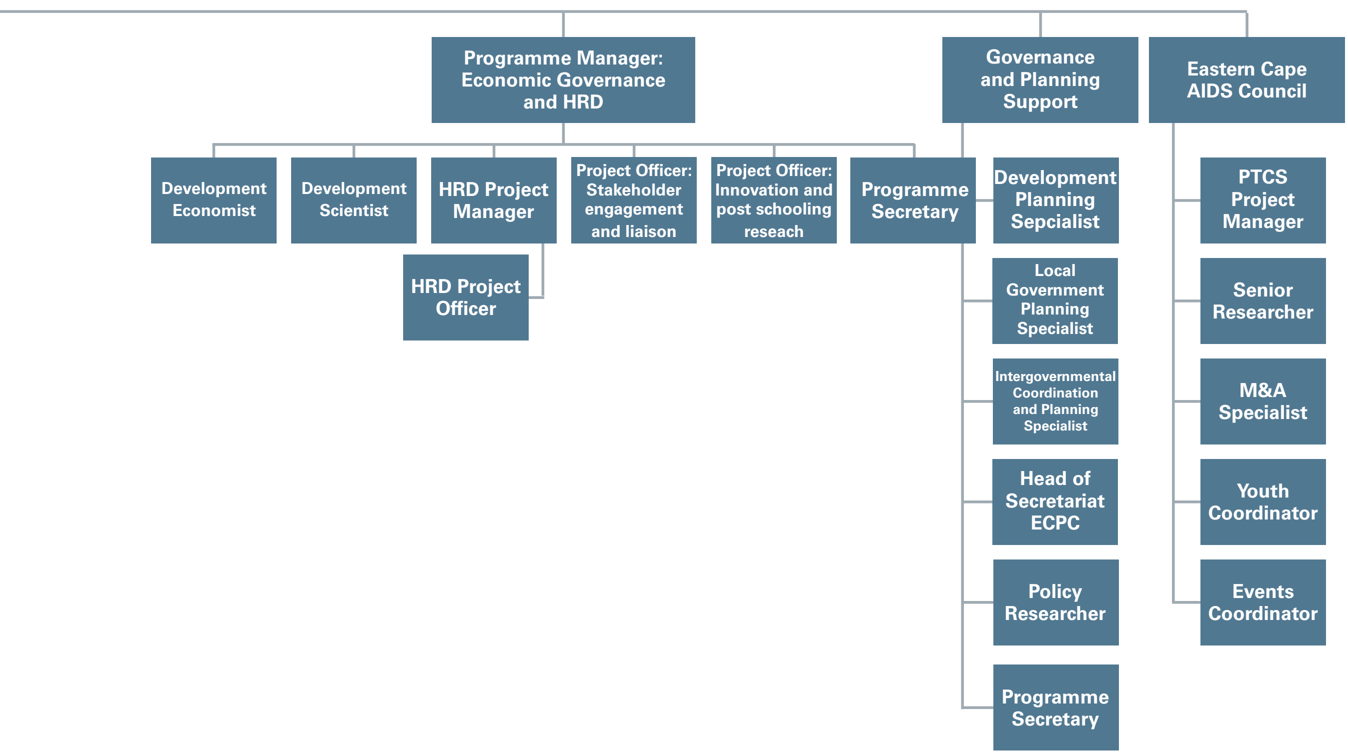
The founding goals of the organisation are as follows:

- Advise and assist provincial government achieve an integrated development strategy for the province and its constituent regions, to address the economic development of the province particularly the needs of deprived communities and underdeveloped areas.
- Facilitate and co-ordinate the implementation of development programmes between all key stakeholders in the Province of the Eastern Cape.
- Facilitate development by providing an avenue for formal inputs into the policy-making process of government.
- Support government in advancing efficient service delivery.
- Empower communities and grassroots structures of civil society to engage in development; and
- Assist the provincial government in developing policies and strategies that will facilitate the growth of the provincial economy.

05 ORGANISATIONAL STRUCTURE

The organisational structure of ECSECC as of 31 March 2021 is below.




Programme Manager: Economic Governance and HRD
Governance and Planning Support
Eastern Cape AIDS Council
Development Economist
Development Scientist
HRD Project Manager
Project Officer: Stakeholder engagement and liaison
Project Officer: Innovation and post schooling reseach
Programme Secretary
HRD Project Officer
Development Planning Sepcialist
Local Government Planning Specialist
Intergovernmental Coordination and Planning Specialist
Head of Secretariat ECPC
Policy Researcher
Programme Secretary
PTCS Project Manager
Senior Researcher
M&A Specialist
Youth Coordinator
Events Coordinator

PART B

PERFORMANCE INFORMATION

01 **AUDITORS REPORT** *PRE-DETERMINED OBJECTIVES*

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the Pre-determined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report. Refer to page 64-66 onwards of the Auditor's Report published as Financial Information.

02 **SITUATIONAL** *ANALYSIS*

2.1 Service Delivery Environment

The service delivery environment in the 2020/21 financial year was characterised by significant change and demanded agility on the part of leadership and citizens across the globe. The primary environmental factors were the Covid-19 pandemic and the local and global recession that followed from pandemic response measures and changes in human and economic behaviour. Local and global recession was associated with both temporary and permanent business closures and job losses. Small businesses, the informal sector and rural areas were disproportionately affected. Further, the uptake of economic relief measures was primarily in urban areas, increasing inequalities, deepening poverty and increasing pressure on social safety nets. Increased demand for safety nets takes place simultaneously to fiscal austerity and budget cuts.

A high-level PDP assessment conducted by ECSECC notes that progress against the Provincial Development Plan (EC PDP) has been uneven and areas of concern remain around effectively dealing with unemployment, inequality and poverty. Progress on most of the six EC PDP apex target variables is poor and is showing regression in some areas. Adding the negative effects of the socio-economic impact of the pandemic, regression as well as other associated effects are likely to be enduring. The EC PDP apex targets published over a year ago now look less attainable and it is not fully known what the future economic conditions of the country and the Eastern Cape will be, and what the full impact on trying to realise them will also be. In August 2020, the UNDP published a report on the socio-economic impact of the pandemic in South Africa which argues that the adverse impact will continue for several years, and that the real GDP of 2019 will only be reached again after 2024.

Other key factors that impacted on the organisation, its constituencies, stakeholders and the province in the period under review pertain to social cohesion, social discord, and political organisation. While there are attempts to curb corruption, reports of fraud and corruption relating to personal protective equipment (PPE) has further undermined trust in government and political parties. Covid-19 has further exacerbated the precariousness of public finances, which had already reached an unsustainable position before the pandemic. Since 2008/09, there has been a large and growing gap between government spending and tax revenues, resulting in exponential growth in borrowing to fund the fiscal gap. Debt-service costs continue to be the fastest growing area of spending. The rising debt-to-GDP ratio may in the long-term lead to a threat of loss of fiscal sovereignty, if not managed. Other concerns are declining tax revenue and declines in revenue streams for municipalities and other public institutions. This may lead to pressure for increases in municipal rates, while citizens and business struggle to pay. The Eastern Cape already has several municipalities that are not financially viable, and this is expected to exacerbate the situation. The Auditor-General's 2020 general report on municipalities shows a widespread lack of financial control, lack of accountability as well as a tolerance of transgressions. Audit outcomes further regressed, improvements were rare and the general trend over the past three years remained negative (AG, 2020). This further undermines efficient and effective governance and delivery of services and results in ongoing discord and protest.

In this financial year, the entity performed a holistic review of ECSECC's services, operations and plans for the 2020/21 financial in the context of the Covid-19 pandemic. In response to changing demand, a changed operating context and an emerging contextual environment, planned activities and outputs were refocused and redesigned for a remote and virtual environment. The entity however determined that there was no need to re-table the APP, but that changes could be made at operational level. Over the year, the entity's performance against its APP has stabilised and the entity has moved from the focus on crisis response in Quarter 1 to stabilising the Covid-19 response, mainstreaming Covid-19 into the programme work of ECESCC and assisting stakeholders to move to focus on recovery and sustainability. The five-year strategy and APP guide the programmes, and the entity has focussed on learning from the crisis period to improve the resilience of the entity and its stakeholders.

2.2 Organisational Environment

Given the external environment, there is a steady increase of demand for ECSECC's services from across its constituencies, and particularly provincial and local government. Similarly, there is increasing expectations and demand for ECSECC to conduct in-depth diagnosis and design sustainable solutions. In response to increasing demand, there is a need to use the entity's human and financial resources efficiently and effectively, strengthen staff capabilities and develop systems and practices that enable the organisation to work at higher levels of maturity.

Assessment of the internal environment highlights the following:

- Systems and processes across governance, finance, risk management, HR and operations in the organisation are manual, and many are not documented. Systems ensure compliance, however, need to mature further to better enable agility at systems level. Automation of selected process took place in the year, and online platforms are increasingly used for processes such as quarterly performance reporting and operational planning.
- ICT platforms and systems are not used optimally, and digital capability is low. The organisation nonetheless made a successful move to conduct its operations in a remote and hybrid environment, making use of available Microsoft platforms and tools. From mid-year onwards the disruptions were minimal, and operations had stabilised.
- Human capabilities and skills need to be aligned with the strategy, and policy and systems are not fully enabling mobile and flexible work. Interim policies were put in place for the pandemic period, with more permanent hybrid solutions are being investigated. A Human Resource Development Strategy with an annual implementation plan was developed to ensure a systematic approach to this. The organisation is further in a process of growing, with recruitment taking place through the year.
- The five-year strategy recognises the need to increase the focus on organisational learning to enable ongoing organisational and personal transformation. A series of internal and external training and knowledge-sharing opportunities was created to address this. The hybrid work environment has enabled more frequent and cost-effective opportunities for internal and external learning and networking.

2.2.1 Key Policy Developments and Legislative Changes

There were no major policy development and legislative changes that had bearing on the Annual Performance Plan.

2.2.2 Progress towards Achievement of Institutional Impacts and Outcomes

ECSECC's impact statement expresses the overall social change and developmental impact that ECSECC will contribute to, in context of the external, operating and policy environment. The impact statement is also a direct expression of the NDP and PDP. ECSECC's impact statement reads as follows:

"Sustainably attain productive employment, prosperity and equity for all".

For this strategy period, ECSECC will focus on three outcomes:

- Outcome 1: A developmental state that actively leads development through partnerships.
- Outcome 2: An inclusive economy that grows sustainably, created decent jobs and is innovative; and
- Outcome 3: A healthy, educated and productive workforce and citizenry.

Table 1 on the next page provides progress against the five-year outcomes. ECSECC's impact on communities and the macro environment will therefore be measured through the government, institutions, structures and businesses that are supported by ECSECC. For this period, ECSECC aims to measure its impact and outcomes in terms of: The quality and relevance of the knowledge we generate to constituency decision-makers; the ability to create stakeholder compacts and bring parties together for joint action and the effectiveness of these compacts; and the relevance, quality, applicability and use of the advice we give to decision makers.

Figure 1 on the next page outlines ECSECC's theory of change, comprising of the outcomes, outputs and output indicators. The outputs and output indicators are reported on in line with the programme structure in the section below. ECSECC operated four programmes in the year under review:

Programme 1: Corporate Services

Programme 2: Economic Governance and HRD

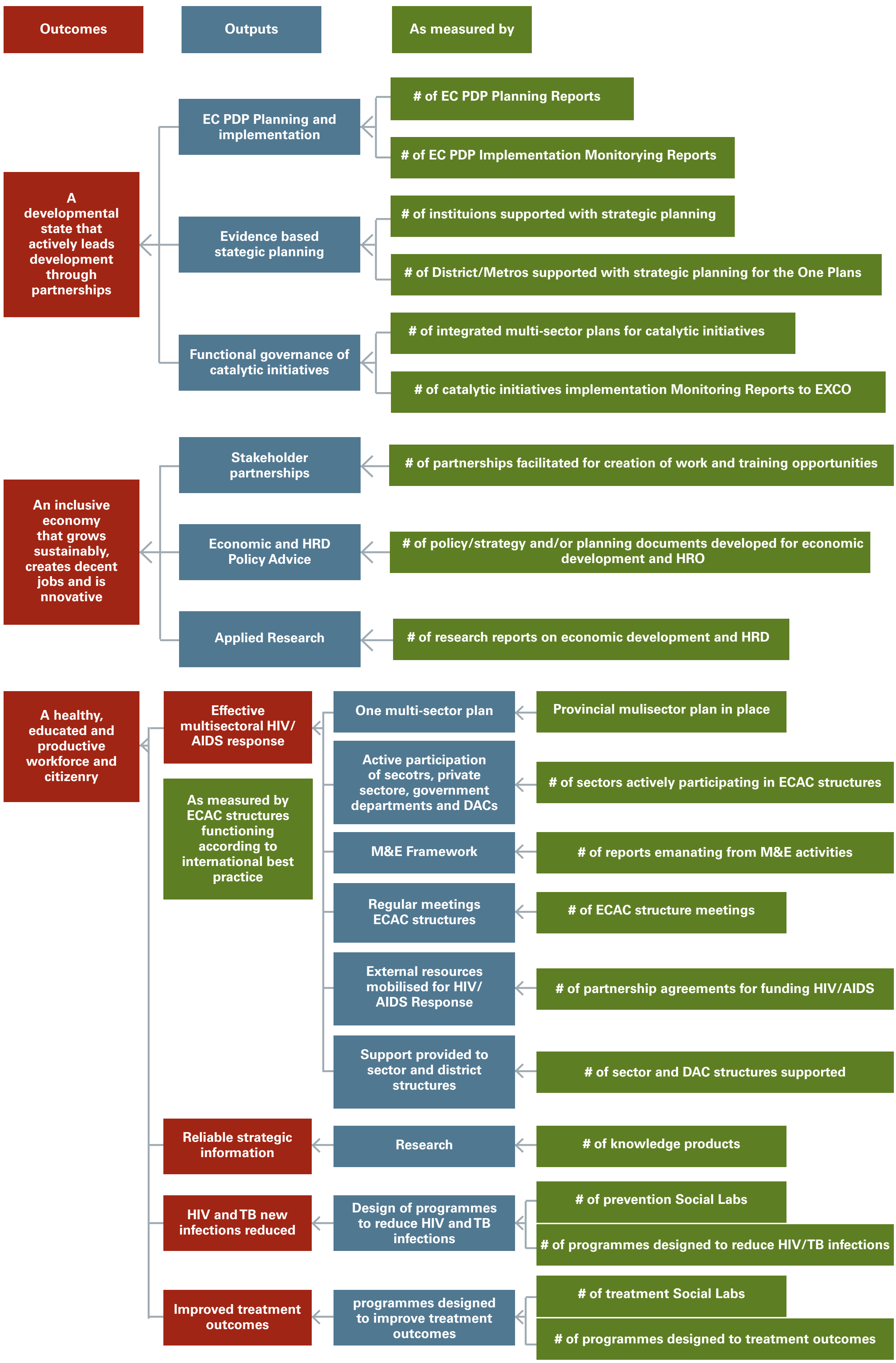
Programme 3: Governance and Planning Support

Programme 4: Eastern Cape AIDS Council

Table 1: Progress on five-year outcomes

Outcome	Intermediate Outcomes	Outcome Indicator	5-year Target	Progress	Strategy to Address Areas of Underperformance
Outcome 1: A developmental state that actively leads development through partnerships	Improved policy decision-making through provision of strategic advice	1.1. % of ECSECC publications that are peer- reviewed	Year 1 – Development and approval of publication standards. Peer review system developed. 10% of ECSECC publications are peer-reviewed	Internal system not yet in place. 5 of 10 (50%) research publications peer reviewed though partnership with universities and science councils.	Dedicated post for research especially created to enable system development.
		1.2. Number of decision-making structures and institutions making use of ECSECC knowledge products in decision making	Year 1 – Monitoring system developed, and baseline established. Year 5 – Target to be set in Year 1 based on baseline.	System not yet developed.	Dedicated post for research especially created to enable system development.
	Shared provincial development agenda through effective platforms for engagement	1.3. Effective social compacts and managed through formal stakeholder collaboration platforms	Minimum 5 per annum ECSECC Eastern Cape AIDS Council Eastern Cape HRD Council Wild Coast Governance Forums Eastern Cape Innovation Forum/Triple Helix	ECSECC, Eastern Cape AIDS Council, Eastern Cape HRD Council functioned as required through the year. Wild Coast Governance Forums met, and partnerships facilitated. ECSECC provided support to existing Eastern Cape Innovation Forum.	
		1.4. One agreed provincial development plan	1 – Reviewed annually.	Plan in place and annual review report developed.	
Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative	Effective support interventions that contribute to the structural transformation of the economy facilitated	2.1. Number of job opportunities created through interventions facilitated.	Year 1 – Monitoring system developed and baseline established. Year 5 – Target to be set in Year 1 based on baseline.	Official statistics analysed and research conducted, however own monitoring system not yet in place.	Focus in the year under review was on Covid-19 response. Primary research planned for 2021/22.
Outcome 3: A healthy, educated and productive workforce and citizenry	Improved education and skills supply and demand matching	3.1. Number of people trained through partners	Year 1 – Monitoring system developed, and baseline established. Year 5 – Target to be set in Year 1 based on baseline.	Official statistics analysed and research conducted, however own monitoring system not yet in place.	Focus in the year under review was on Covid-19 response. Primary research planned for 2021/22.
		3.2. Number of targeted groups placed in workplaces for experiential learning & employment	Year 1 – Monitoring system developed, and baseline established. Year 5 – Target to be set in Year 1 based on baseline.	Official statistics analysed and research conducted, however own monitoring system not yet in place.	Focus in the year under review was on Covid-19 response. Primary research planned for 2021/22.
	Reduction in new HIV infections	3.3. Number of new HIV infections	Reduce new HIV infections to less than 8 600 per annum by 2022	2021 data not yet available for tracking.	Report to be updated when data is available.
	Improved HIV treatment outcomes	3.4. Adult AIDS mortality	25%	2021 data not yet available for tracking.	Report to be updated when data is available.

Figure 1: ECSECC Results Chain (Outcomes - Outputs - Indicators)



PROGRAMME 1A *FINANCE AND CORPORATE SERVICES*

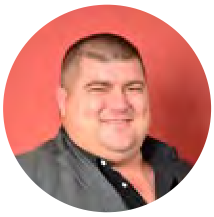
Andisa Zinja
Chief Financial Officer

Nothando Shenxane
Human Resources Manager

Nozuko Somniso
Executive Secretary & Chief Risk Officer

Janice Leach
Finance Manager

Nokuzola Mshumpela
Supply Chain Manager



Clinton Krause
IT Manager

Natasha August
Office and Operations Coordinator

Veliswa Tima
Accounts Officer

Sibongile Ndubaza
Procurement Officer

Lithemba Ntlokonkulu
IT Officer

Zuzeka Kwanga
HR Assistant

Sinethemba Mqayi
IT Assistant

Nompumelelo Sithole
Receptionist

Nozuko Nkundla
Messenger

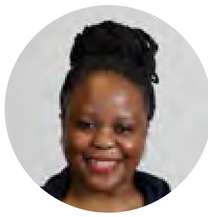
Ntombebandla Ntini
General Assistant

Veliswa Kandile
General Assistant

PROGRAMME 1B *STRATEGY, OPERATIONS AND KNOWLEDGE MANAGEMENT*

Siv Hesjedal
Chief Knowledge and Operations Officer

Sive Kamte
Quality Development Officer



Bulelwa Lubelwana
GIS Specialist

Kambale Kavese
Senior Economist

Andiswa Mbali
Statistical Economist

Nomabhele Mandaba
Knowledge Management Coordinator

Esethu Magwentshu
Programme Secretary

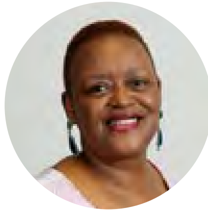
Baphelele Mhlaba
Acting Manager Project Management Office

PROGRAMME 2 *ECONOMIC GOVERNANCE AND HRD*

Mike Lewis
Development Economist

Viwe Fokwebe
Project Officer:
Stakeholder Engagement and Liaison

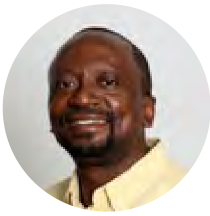
Teboho Qholosha
Programme Manager:
Economic Governance and HRD



Nomonde Hlatshaneni
HRD Project Manager

Vuyokazi Magungxu
Project Officer:
Innovation and
Post Schooling Research

PROGRAMME 3 *STRATEGIC GOVERNANCE AND SUPPORT*



Chris Motsilili
Inter-Governmental
Coordinating and Planning
Specialist.
Acting Programme Manager

Libhongo Ntlokonkulu
Policy Researcher

Lungiswa Dubula
Programme Secretary

Ian Assam
Development Planning
Specialist

PROGRAMME 4 *HIV/AIDS*

Vuyisa Dayile
HIV/AIDS Program Manager

Nophiwe Ludidi
Prevention, Treatment Care
& Support Manager

Pelisa Dana
HIV Senior Research

Zeodor Arends
M&E Specialist

Lulama Mpahla
Youth Coordinator

Bulelwa Mhlontlo
Events Coordinator

Melikhaya Lusiti
Provincial PLHIV Social Mobiliser
(Beyond Zero)

Nontando Mkhencele
Provincial Fast Track Advisor EC
(UNAIDS)

Siyasanga Ngcebetsha
Provincial Liaison Officer EC
(Beyond Zero)

03 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 1: Corporate Services

Purpose of the Programme

The programme provides support services and creates an enabling environment for the achievement of the impact and outcomes outlined in the Strategic Plan and key strategic areas for ECSECC. This programme aims to enable innovative, agile and quality governance, corporate services and financial management and operational performance through provision of strategic leadership, industry good practice systems and standards and strategic information. The purpose of this programme over the period is to enable:

- A high performing organisation.
- Healthy, productive, capable and mobile workforce imbibing dynamic competencies and the ECSECC values.
- Innovation, economy, efficiency and effectiveness in policy, systems and processes to enable productivity and impact.
- Maximise communication and collaboration; and
- Knowledge-based decision-making.

The programme performs several functions, and these are organised as sub-programmes. These are outlined in the table below.

Sub-programme	Sub-programme Purpose
1.1 Financial Management and Corporate Governance	Provide innovative, simplified and quality financial management, corporate governance performancethrough strategic leadership and best practices.
1.2 Human Resources	Provide a conducive environment that facilitates achievement of excellent performance by a healthy,productive, capable and mobile workforce.
1.3 Information and Communication Technology	Have efficiency and effectiveness in ICT systems development and support that ensure business outcomes; and cultivate ICT platforms and partnerships for innovation.
1.4 Strategy Management and Operations	Enable achievement of organisational results through strategy and operations management, stakeholder management and agile programme and project management systems and processes.
1.5 Research and Information	Generation, sharing and exchange of knowledge through research, strategic information and foresight.
1.6 Khawuleza PMO	The purpose of the Khawuleza PMO is to increase the capability of the province to execute and deliver successful projects through standardising systems and processes for project management; provide an enterprise-wide platform for the consolidation of data management; and provide project management services for selected catalytic projects.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
A developmental state that actively leads development through partnerships	Simplified, business-enabling financial and risk management processes and systems.	1.1 Number of financial and risk management interventions in place	New indicator	2	2	-	-	-
	Strengthened financial management to ensure financial sustainability	1.2 Unqualified audit outcome by the Auditor-General	1	1	1	-	-	-
A healthy, educated and productive workforce and citizenry	A healthy, productive, capable and mobile workforce	1.3 Number of organisational development training courses attended by staff.	New indicator	2	2	-	-	-
		1.4 Number of wellness interventions implemented as per Wellness Programme	2	2	2	-	-	-
A developmental state that actively leads development through partnerships An inclusive economy that grows sustainably, creates decent jobs and is innovative A healthy, educated and productive workforce and citizenry	Achievement of ICT Strategy	1.5 Measurement of COBIT ICT governance maturity level	New indicator	1	3	2	The ECSECC COBIT maturity assessment results are at a higher level than anticipated based on an independent review performed. Higher than target is desirable.	-
		1.6 Number of business processes or workflows automated	New indicator	1	1	-		-
	Effective programme and project management	1.7 Number of tools developed for results-based programme and project management	1	2	2	-		-
	Effective operational management	1.8 Operations management framework in place	New indicator	1	0	1	Operations Management Framework developed commenced but internal	-

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
A developmental state that actively leads development through partnerships An inclusive economy that grows sustainably, creates decent jobs and is innovative A healthy, educated and productive workforce and citizenry	Achievement of ICT Strategy	1.5 Measurement of COBIT ICT governance maturity level	New indicator	1	3	2	The ECSECC COBIT maturity assessment results are at a higher level than anticipated based on an independent review performed. Higher than target is desirable.	-
		1.6 Number of business processes or workflows automated	New indicator	1	1	-		-
	Effective programme and project management	1.7 Number of tools developed for results-based programme and project management	1	2	2	-		-
	Effective operational management	1.8 Operations management framework in place	New indicator	1	0	1	Operations Management Framework developed commenced but internal consultation is not complete.	-
	Knowledge generation	1.9 Number of trend analysis reports	New indicator	8	6	2	StatSA release schedule for quarterly surveys changed from Q1 onwards shifting the national and ECSECC publication schedule for ECSECC as data is only available in the last week of the quarter.	-
		1.10 Number of research reports	4	8	10	2	Higher number achieved then planned due to collaborations.. Higher than target is desirable.	-
		1.11 Number of new data products and applications	New indicator	2	3	1	Higher than planned as a result of databases generated for research reports.	-
		1.12 Number of interventions to improve stakeholder data literacy	New indicator	2	2	-		-
		1.13 Number of external knowledge-sharing opportunities created	4	8	7	1	Webinars scheduled in collaboration with partners for March 2021 was moved to May 2021.	-
	Organisational learning and knowledge management	1.14 Number of internal knowledge-sharing opportunities created	New indicator	4	5	1	Higher than target is desirable. Internal learning and sharing opportunities created on demand.	-

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
	Increased capability of the provincial government o execute and deliver successful projects (Khawuleza PMO)	1.15 Number of standardised project management tools developed	New indicator	4	5	1	Annual Operational Plan revised in response to instruction for Khawuleza PMO to set up Covid- 19 Data Management Centre and Data Management Workstream. Higher than target is desirable.	
		1.16. Number of integrated data systems	New indicator	1	1	-		

Significant Achievements

Governance and Corporate Services Highlights

All governance structures conducted their work as required and scheduled in the year under review and all compliance-related milestones were achieved by the organisation. Part C of the Annual Report provides further information.

Human Resource Management Highlights

- A Human Resources Strategy 2021-2025 was developed and approved and will guide the human resource and talent managed practices of the organisation.
- A Health and Wellness Plan was approved by MANCO on 28 September 2020. The purpose of the plan is ensuring that ECSECC has a healthy, productive, capable and agile workforce.
- Training and development.

Part D of the Annual Report provides further information.

ICT Governance Highlights

A COBIT maturity assessment was conducted by an independent party with results are at a higher level than anticipated. An implementation plan has been developed to maintain increased maturity level in the areas that scored below average.

Knowledge Management, Research and Publications Highlights

ECSECC was tasked with supporting research and data management relating to Covid-19. In this area of focus, the achievements included Covid-19 dashboards consolidated on a single access platform and updated daily with latest available Covid-19 infection and patient data. Dashboards are adjusted and re-designed in line with the phases of the provincial and national campaign. Based on the dashboard data, regular reporting, data and GIS mapping pertaining to emerging clusters of infections and other issues are conducted. Regular briefings and recommendations were provided to PDOC, PCC, EXCO and Provincial Legislature. From August 2020 onwards, the focus was limited to GIS support to the Community Health Stream. The workstream has a particular focus on provision of ward profile data and maps for hotspots, and community water availability.

GIS Support to Community Health Stream

ECSECC is providing GIS support to the Community Health Stream of the Covid-19 PDOC response. Leading and collaborating with GIS practitioners from Right to Care and departments, ECSECC provides a GIS-based information backbone. ECESCC's role is to provide a safe and secure GIS environment for hosting and storage; customisation of online GIS dashboards for reporting; provision of data; geo-mapping and analytics. Online GIS dashboards are updated weekly with Covid-19 pandemic testing, case and mortality data.

ECSECC published the following research reports and publications in the year under review:

- Eastern Cape Labour Market Report (Q1 – Q3)
- Eastern Cape Economic Review (Q1-Q3)
- Potential Economy-wide Impact of the Dual Crisis of Covid-19 and Recession on the Eastern Cape Economy: Reflection on Post-recovery Strategy.
- Youth Employment and Unemployment Emerging Evidence of Impact of the Covid-19 pandemic.
- Performance and Development of SMMEs in the Eastern Cape.
- The Eastern Cape youth Not in Education, Employment or Training (NEET).
- Working Paper and Policy Proposals on Cannabis in the Eastern Cape
- Working Paper and Policy Proposals on the Informal Sector.

The following reports were published as a result of partnerships with universities and science councils:

- Effect of the Covid-19 Pandemic on SMMES in the Eastern Cape
- The Impact of Covid-19 on Inclusive Growth in the Eastern Cape: The Role of Structural Transformation in the Economic Recovery

- Fiscal Response to the Covid-19 Pandemic in the Eastern Cape
- Impact of Covid-19 on the Labour Market and Businesses in the Eastern Cape Province
- HSRC and WSU study "Closing the Gate: Death, Dignity and Distress in the Eastern Cape".

Khawuleza Project Management Office

The 2020/21 financial year was focussed on establishing the PMO and completing the first two phases of its operations. Phase 1 was aimed at operating a pilot version of the Khawuleza PMO, implementing five projects. Limited progress has been recorded in the projects as the focus is on establishment and dedicated teams are being recruited. Phase 2 pertains to designing, establishing, and operating a transversal Khawuleza PMO, reaching maturity level 3. From a maturity perspective, as a new entity within an operating environment which is characterised by limited project management standardisation and capacity, the Khawuleza PMO's current project management maturity level is classified as being on level 1 of the five-level maturity mode.

The Khawuleza PMO remains in its establishment phase and the following progress is recorded:

- The PMO Lessons Learnt Report from the first year of operations is done and it provided us with an opportunity to reflect and improve understanding of what could work better.
- A PMO Multi-year Implementation Plan has been developed.
- The PMO Playbook is complete and constitutes a collection of Standard Operating Procedures to be complied with throughout the full portfolio, programme and/or project cycles.
- The establishment of the Khawuleza PMO will be anchored by a Data Operations Centre which is being set up on the first floor at ECSECC offices and will be connected to the Ministerial Data Centre at the Presidency in the Union Buildings. Renovations to set up the Data Operations Centre are completed, and delivery of video wall control room is expected in May 2021.
- The Khawuleza PMO is in the process of initiating the ICT focussed capability such as the MS Sharepoint Upgrade Project and Ward Based Information system which is being sourced from ESRI-SA.

Strategy to Overcome Areas of Under Performance

Areas of underperformance were largely due to disruptions in the environment, such as changes in data release schedules beyond the control of ECSECC. Other areas pertain to internal re-prioritisation and will be addressed in the 2021/22 financial year.

Linking Performance with Budget

Budget Performance						
Operations, Finance, Corporate Services and Knowledge Management	2020/21			2019/2020		
	Budget	**Actual Expenditure per AFS**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure per AFS**	**(Over)/Under Expenditure**
	R'000	*R'000*	*R'000*	*R'000*	*R'000*	*R'000*
Goods and services	*14,816*	*11,969*	*2,847*	*13,694*	*10,820*	*2,874*
COE	*23,004*	*22,869*	*135*	*19,127*	*19,208*	*(81)*
Capital	*9,235*	*1,721*	*7,514*	*2,195*	*157*	*2,038*
TOTAL	*47,055*	*36,559*	*10,496*	*35,016*	*30,185*	*4,831*

Note: As per the National Treasury Annual Report Guide – expenditure as presented above agrees to the Annual Financial Statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Underspending is mainly attributable to commitments at year end amounting to R9,382,000. These commitments have not been recognised in the Annual Financial Statement figures as the services have not yet been delivered however the budget for 2020/21 was allocated to these transactions.

Programme 2: Economic Governance and Human Resource Development

Purpose of the Programme

The aim of this programme is to support the development and implementation of economic policy and strategy to shift the economic development path of the Eastern Cape. The peripheral nature of our economy and its relative underperformance are well understood. The programme seeks to set out clear priorities for the province over the planning period, and what can realistically be achieved to improve economic development in the province.

Structural transformation of various economic sectors due to pervasive transformative technologies has been the major feature shaping economies of the world. These technologies influence production and consumption of goods and services, with the consequent change

in the nature work and the skills demanded. The Eastern Cape economy, and its economically active population is not adequately prepared for the new reality of the Fourth Industrial Revolution. Main economic sectors of the province remain in the low growth and productivity trap. The workforce remains largely unskilled, without the requisite capability to participate effectively in the new economy.

Programme 2 responds to this reality by focussing on two of ECSECCs outcomes and selected associated intermediate outcomes:

- Outcome 2: An inclusive economy that grows sustainably, creates decent jobs and is innovative.
- Outcome 3: A healthy, educated and productive workforce and citizenry.

To achieve these outcomes the programme aims to provide knowledge-based strategic economic advice on provincial sector-based economic development strategy and highlight key human capabilities required to increase output and create jobs for an inclusive economy. Finally, ECSECC aims to provide platforms for dialogue and strategic engagements by Communities of Development Practice in providing multi-perspectives on socio-economic development and development practice.

The programme also aims to conceptualise and facilitate measures to improve quality in education and training. The programme provides strategic and technical support to the EC HRD Council and aims to enhance the Provincial Human Resource Development Council's mandate to support the training of appropriately skilled people for the economy.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achieve ment 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Outcome 2: Inclusive economy that grows sustainably, creates decent jobs and is innovative	Stakeholder partnerships	2.1. Number of partnerships facilitated for creation of work or training opportunities	-	4	0	4	Impact of lockdown due to Covid 19 impacted on stakeholder operations. While active partnerships are in place, negotiations for formal agreements have taken longer than expected.	
Outcome 3: A healthy, educated and productive workforce and citizenry	Economic and HRD Policy Advise	2.2. Number of policy, strategy and/or planning documents developed for economic development and HRD	-	2	2	-		
	Applied Research	2.3. Number of research reports on economic development and HRD	-	4	4	-		

Significant Achievements Covid-19 Economic Recovery

The Programme provides the secretariat to the Economic Commission established by the Premier to act a multi-stakeholder advisory body on mitigating the economic impact of Covid-19 on the Eastern Cape economy. The Programme developed a concept note that guided the discussions on the economic impact of Covid-19. The concept document was further complemented by the research paper from a team of economists from Nelson Mandela University.

An online webinar on economic recovery strategy was held on 28 August 2020. The purpose of the webinar was to solicit input from experts, policy influencers and policy implementers on the impact of Covid-19 in the EC, investment flows, and outlook for the future.

Oceans Economy

ECSECC continued to convene the Oceans Economy Secretariat and achieved the following milestones in the year:

- On 10 September 2020, the Provincial Oceans Economy Secretariat convened a virtual seminar titled "The Eastern Cape Oceans Economy Agenda Post-Covid-19 'The New Normal'". The session was attended by representatives of the national Department of Forestry and Fisheries, provincial and local government, the provincial Oceans Economy Advisory Committee, policy implementing institutions, representation from Nelson Mandela University, Maritime Business Chamber, and the provincial core secretariat. The purpose of the seminar was to map a path towards Oceans Economy recovery.
- Map the way forward for the Oceans Economy project.
- Consider project updates, lab updates and updates on the interest of Chinese investors.

Innovation and Digital Skills

In the period under review a publication of the Digital Skills Plan was produced.

Human Resource Development

Highlights of the period under review include:

- Quarterly plenary meetings of the HRD Council.
- Engagements are taking place between the MERSETA and the secretariat in connection with engineering research.
- Engagements with ELIDZ regarding 4IR training of youth in TVET colleges and research started in October. The purpose is to agree on the areas for collaboration between the two organisations in relation to capacity building on the TVET colleges on digital skills and how they can jointly carry out research around these areas.
- Fort Cox College strategic planning was facilitated by the secretariat to make sure that the 2019 agriculture education summit recommendations find space in the planning process of all the colleges. In the session three other institutions were invited, including TARDI, Grootvlei and UFH Agricultural Research unit.
- The HRD strategy was approved by the Council with changes. It was resolved to recalibrate the strategy in appreciation of the pervasive impact of Covid- 19 on the labour market and the world of work.

Through the Eastern Cape HRD Council, the Programme is facilitating a series of engagements with all critical social partners in the economic development space to craft a labour market response to the impact of Covid-19.

- A joint webinar with Department of Labour on labour market analysis. The focus was on the effect of Covid-19 on job losses and how UIF and TERS instruments are compensating workers and companies that have lost income, the implications for skills development and whether the fund has made provision for reskilling those who have been retrenched. This discussion brought together the SETAs, unions and government in one platform to look at the challenges of the job losses and skills development. In the discussion the stakeholders got a perspective from NUMSA representing labour and MERSETA.
- A webinar on engineering skills was held, focussing on infrastructure development in the Province and the implications for skills development. Emphasis was put on how to recalibrate the institutions of higher learning especially TVET colleges to align with industry and project demand. The presentations were made by Coega on infrastructure projects in the Province and the skills requirements thereof and, a presentation was made by the Department of Higher Education in relation to the proposals made by institutions of higher learning. A presentation was also made by Nelson Mandela University and their focus was on what type of education system that is needed to improve engineering performance in the Province.
- A webinar on agriculture skills development was held in November to discuss the measures that will give an impetus to the recommendations of the agriculture summit that was held in September 2019. The agriculture webinar focussed on critical enablers for the province to produce fit-for-purpose graduates, new farmers, and entrepreneurs in the agriculture industry. The discussion also centred around technology improvement in agriculture with emphasis on ICT skills and digital skills linked to the 4IR.

Provincial Investment Conference

The Provincial Investment Conference is planned to take place in May 2021. The objectives of the conference are to mobilise financial resources for the implementation of catalytic interventions and solicit real commitments to secure a social contract for growth and jobs.

The Economic Recovery Plan forms the framework for the provincial conference with two areas of focus being catalytic interventions and inputs and resources. ECSECC has facilitated the pre-conference process.

Strategy to Overcome Areas of Under Performance

Active partnerships are in place, as indicated in the report above and where possible formal agreements will be signed in the financial year.

Linking Performance with Budget

Budget Performance						
Economic Governance and Human Resources Development	**2020/2021**			**2019/2020**		
	Budget	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**
	R'000	*R'000*	*R'000*	*R'000*	*R'000*	*R'000*
Goods and services	*663*	*229*	*434*	*870*	*457*	*413*
COE	*5,066*	*5,007*	*59*	*4,825*	*4,880*	*(55)*
Capital	-	-	-	-	-	-
TOTAL	*5,729*	*5,236*	*493*	*5,695*	*5,337*	*358*

Note: As per the National Treasury Annual Report Guide – expenditure as presented above agrees to the Annual Financial Statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Underspending on goods and services is mainly attributable to the delayed Investment Conference initially planned for March 2021.

Programme 3: Governance Planning Support

The purpose of the programme is to strengthen the building of a developmental state through providing strategic governance support in the development and roll out of national, provincial and local plans, strategies and frameworks in the Eastern Cape. The programme achieves its purpose by facilitating democratic participation by relevant stakeholders in the form of consultations, partnerships, capacity building and advocacy; resulting in outcomes that are shared and owned. This programme mainly is focussed on one of ECSECCs outcomes and its associated intermediate outcomes:

- Impact area 1: A developmental state that actively leads development through partnerships
    - Improved policy decision-making through the provision of strategic planning support and advice; and
    - Shared provincial development agenda through effective platforms for engagement.

Outcome 2 and 3 are supported indirectly by a capable developmental state and its partnership model as outlined in the 2020-2025 Strategic Plan.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achieve ment 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/Annual Targets
Outcome 1: A developmental state that actively leads development through partnerships	EC PDP Planning and Implementation	3.1. Number of EC PDP Planning Reports	New indicator	1	1	-	1 report has been developed fulfilling 3.1 and 3.2. Thus the POE for 3.1 and 3.2. for Q4 is the same.	
		3.2. Number of EC PDP Implementation Monitoring Reports	New indicator	1	1	-		
	Evidence based strategic planning	3.3. Number of institutions supported with strategic planning	18	13	16	3	Commenced planning at cluster level according to new approach, hence supported higher number of organisations than planned.	
		3.4. Number of districts/ metros supported with strategic planning for the development of One Plans	New indicator	2	2	-		
	Functional governance at catalytic initiatives	3.5. Number of integrated multi-sector plans for catalytic initiatives	New indicator	-	-	-	Note: This indicator was included in the 2020/21 APP as it is relevant for the MTEF period. The indicator has a target planned for the 2021/22 financial year. The target pertains to integrated planning for the Wild Coast region. The work is a multi- year project but will only be completed in the 2021/22 financial year. The indicator is included in the Annual Report to ensure consistency and completeness.	-
		3.6. Number of catalytic initiatives implementation monitoring reports to EXCO	New indicator	2	2	-		

Significant Achievements

ECSECC continues to facilitate and co-ordinate public infrastructure investment in the province. Highlights are outlined below.

Sustainable Infrastructure Development Symposium: 38 projects with an EC footprint were submitted to the national Sustainable Infrastructure Development Symposium (SIDS) that was convened by the President in June 2020 under the auspices of the Infrastructure and Investment Office (IIO) in the Presidency. Nine of the 39 projects were at the post-feasibility stage. Based on their assessment, ten were shortlisted for consideration by investors. On 24 July 2020, the Minister of Public Works and Infrastructure gazetted the first 50 projects emanating from the SIDSSA process and an additional 12 Special Projects Strategic Integrated Projects (SIPs), in terms of the Infrastructure Development Act, (No. 23 of 2014, as amended). Three Eastern Cape projects appeared in the list of gazetted projects: The Mzimvubu Water Project (SIP 19), Marine Tilapia Industry (SIP 23) and the N2 Nodal Development (SIP 24). Gazetting means all outstanding approvals required for projects to be implemented need to be concluded as soon as possible.

Resource mobilisation for economic infrastructure projects: The Eastern Cape submitted applications to the Budget Facility for Infrastructure that is located at National Treasury as part of its resource mobilisation strategy for strategic infrastructure projects at the end of April 2020. When the projects have been fully prepared and properly packaged, they will be submitted for funding to the BFI and other funding opportunities.

N2 Wild Coast Highway: The N2 Wild Coast Development Political Oversight Committee met on 20 August 2020 to consider progress on the N2 Wild Coast Highway project. This was followed by an engagement of the Eastern Cape Premier and the Minister of Transport which also considered the project.

Partnership with the Presidency Infrastructure Office: ECSECC facilitated a partnership between the Eastern Cape Provincial Government (ECPG) and the Presidency's Investment and Infrastructure Office (IIO). Following the Provincial engagement in September 2020, the Presidency decided to partner with the Eastern Cape in the rollout of the Eastern Cape Infrastructure Plan and the National Economic Reconstruction and Recovery in the Eastern Cape. Between 9-11 November 2020 the Presidency's IIO visited the Eastern Cape to gain a better understanding of the Province and to demonstrate its commitment to the partnership. The current focus is on details of priority initiatives for the partnership.

Provincial Planning Support

- ECSECC provided strategic and technical support to the 2021/22 planning cycle. This work included a guideline for the 2021 planning cycle and support to facilitation of planning sessions and review of plans across all departments and entities in the province.
- IsiXhosa, Afrikaans and Sesotho translations of the EC PDP have been finalised and printed. The End of Term Report of the ECPC was finalised and published.
- The Eastern Cape PDP Planning Report as well as Eastern Cape PDP Implementation Monitoring Report were finalised with recommended areas of improvement, achievements and challenges noted. These reports build on by the National Planning Commission's Review of the National Development Plan (NDP) 2030 as well as the Handover Report of the National Planning Commission: 2015-2020.

EC Provincial Covid-19 Response Management

Throughout the financial year ECSECC supported the Province in various provincial Covid-19 initiatives. This work includes daily, weekly and fortnightly attendance of and participation in provincial technical Covid-19 structures, including the PDOC, PCC, Extended PCC, Health PMU Workstream and HBC Workstream to provide inputs and assist with the implementation and management of Covid-19 related matters.

Key achievements included the provincial response plan, including support to the development of an EC Plan to prepare for the second and third waves of the virus. Further, ECSECC contributed by reviewing the EC Covid-19 Resurgence Plan, as well as the development and rollout of the EC Vaccination Strategy and Project Plan, including detailed support of Phase 1 vaccinations of healthcare workers in the EC. Support work was also provided to prepare the EC's contribution to the Country Report.

DDM One Plans

Supporting the centre of government with the implementation of the District Development Model, the following was achieved:

- A review of the OR Tambo and the Alfred Nzo Draft District DDM One Plans was conducted to identify gaps, credibility and their completeness; and analyse the extent to which planned service delivery projects and budgets by national and provincial sector departments and state entities adequately respond to the service delivery needs and priorities of each local municipality (LM) within a district.
- ECSECC developed two framework documents in support of the strategic planning processes of development DDM One Plans in districts/metros in the province. A Geo-spatial Referencing Framework was developed for all planned

service delivery programmes and projects by national, provincial and local government together with state entities that will be consolidated in DDM One Plans for districts/metros in the province, to better inform and guide integration and co-ordination of service delivery planning and implementation between and across government in each district/metro space.

- A Gap Analysis Framework for DDM One Plans in districts/metros in the province was created to assist in assessing the extent to which programmes and projects planned by national, provincial and local government together with the entities of the state which will be consolidated and reflected in the DDM One Plans adequately respond to the service delivery gaps, challenges and needs of communities in each district/metro space. It is anticipated that a gap analysis on District/Metro One Plans will guide and influence service delivery targeting and prioritisation by all the spheres of government in districts/metros, as envisaged by the Model.
- Provision of technical content support to the EC Provincial IGR Core Team that is led by OTP, and to the EC Provincial DDM Technical Task Team that is co-ordinated by EC COGTA, where provincial government departments, provincial state entities, district, and local municipalities convene quarterly to review progress made on institutionalising the DDM within government's developmental agenda.
- Review of the National DCOG IDP Guidelines for Municipalities; and
- Support for implementation at district and municipal level included OR Tambo District; King Sabata Dalindyebo (KSD) Local Municipality; Port St Johns Municipality (PSJ); Chris Hani District Municipality; Joe Gqabi District Municipality; Sarah Baartman District Municipality; and the Amathole District Municipality (ADM).

Ntabankulu SLA

The SLA-related work with Ntabankulu Local Municipality (NLM) was completed on 31 August 2020, and the following key deliverables were submitted:

- Social Housing Demand Survey, where findings have indicated that there is demand for additional subsidised social housing in NLM
- Final Spatial Development Framework (SDF)
- Final Land Use Management Scheme (LUMS)

Linking Performance with Budget

Budget Performance						
Governance and Planning support	2020/2021			2019/2020		
	Budget	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**
	R'000	*R'000*	*R'000*	*R'000*	*R'000*	*R'000*
Goods and services	*1,038*	*357*	*681*	*495*	*476*	*19*
COE	*6,790*	*6,876*	*(86)*	*5,165*	*5,255*	*(90)*
Capital	-	-	-			-
TOTAL	*7,828*	*7,233*	*595*	*5,660*	*5,731*	*(71)*

Note: As per the National Treasury Annual Report Guide – expenditure as presented above agrees to the Annual Financial Statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

R600,000 of the goods and services underspending relates to SLA funds received from municipalities to execute work as agreed. A roll over request has been made to Treasury as these are third party funds received in advance.

Programme 4: Eastern Cape Aids Council

Purpose of the Programme

The Eastern Cape AIDS Council was established to co-ordinate the multi-sectoral HIV, TB and STI response in the Eastern Cape Province. The AIDS Council's mandate includes: Mobilisation of sectors; creation of partnerships; monitoring and evaluation; research; policy advice to Government; resource mobilisation; and development of a multi-sector plan.

In the Eastern Cape, it is estimated that approximately 833 165 (Thembisa, 2018) people live with HIV. However, the epidemic is now increasing at a slower pace. The number of people receiving treatment in the public sector in the province as at 30 June 2019 was 502 8888. The number of people remaining in care has increased by 21% since December 2016. The number of clients initiated into treatment in the public health sector rose significantly between 2016 and 2019. These improvements can be attributed to the changes and implementation of the ART policies and guidelines.

TB is the leading cause of death in South Africa, accounting for 8.4% of all natural deaths in 2015. In 2018, the incidence of TB was 531 cases per 100 000 population, resulting in an estimated 438 000 new TB infections, 45% of which were among people living with HIV. The TB burden is also driven by poor living conditions and late presentation to health facilities. The number of patients started on Drug Resistant Treatment deceased slightly from 2 008 in 2017 to 1 973 in 2018. TB remains a challenge for the province and TB incidence for all ages is at 691 per 100 000 population per the 2015/2016 District Health Barometer. A slight decrease was observed from 2014-2015.

The purpose of this programme is to assist the province to effectively manage its response to HIV, TB and STIs. This programme also focusses on acting as secretariat for the Eastern Cape AIDS Council. The work of ECAC is largely towards the achievement of one of ECSECC's outcomes and its associated intermediary outcomes:

- Outcome 3: A healthy, educated and productive workforce and citizenry:
    - Reduction in new HIV infections
    - Improved HIV treatment outcomes

The work of this programme indirectly enables the achievement of Outcomes 1 and 3 through improving the health profile of the population and reducing the number of new HIV infections. The programme contributes to both of ECSECC's outcome areas.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Intermediary Outcomes	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/ Annual Targets
A healthy, educated and productive workforce and citizenry	Effective multi-sectoral HIV/ AIDS response (ECAC structures function according to international best practice)	One multi-sector plan	4.1. Provincial Multi-Sector Plans in place	New indicator	-	-	-	Note: This indicator was included in the APP for 2020/22 as it is relevant for the MTEF period. The target pertains to the review and development of the provincial multi-sectoral plan on HIV/AIDS that has a 3-year cycle. The plan is updated every 3 years, thus there is a planned target for the 2021/22 financial year.	-
		Active participation of sectors, private sector, government departments and DACs	4.2. Number of sectors actively participating in ECAC structures	New indicator	10	10	-		
		M&E Framework	4.3. Number of reports emanating from M&E activities	4	4	4	-		
		Regular meetings of ECAC structures	4.4. Number of ECAC structure meetings	8	8	8	-		
		External resources mobilised for HIV/AIDS response	4.5. Number of partnership agreements for funding HIV/AIDS	1	2	2	-		
		Support provided to sector and district structures	4.6. Number of sector and district AIDS Council structures supported	New indicator	8	8	0		
	Reliable strategic information	Research	4.7. Number of knowledge products	2	4	4	-		

Outcome	Intermediary Outcomes	Output	Output Indicator	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for Deviation	Reasons for Revisions to the Outputs/Output Indicators/ Annual Targets
	HIV and TB new infections reduced	Design of programmes to reduce HIV and TB infections	4.8. Number of prevention Social Lab meetings	New indicator	4	4	-		
			4.9. Number of programmes designed to reduce HIV and TB infections	New indicator	4	4	-		
	Improved Treatment Outcomes	Programmes designed to improve treatment outcomes	4.10. Number of Treatment Social Lab meetings	New indicator	4	4	-		
			4.11. Number of programmes designed to improve treatment outcomes	New indicator	2	2	-		

Significant Achievements

Covid-19 Crisis Response

The work of Eastern Cape AIDS Council was aligned to the need to respond to the Covid-19 pandemic. The main achievements in this regard include:

- The Eastern Cape CSF Nerve Centre was established on 12 May 2020. ECAC established the Nerve Centre, supported by Beyond Zero, who provided a venue and equipment. The Nerve Centre conducts its work according to the following sub-themes: Health, human rights, food relief, training, and communication. The CSF Nerve Centre is also monitoring drug stockouts, treatment adherence and the transitioning of Patients from TEE to TLD.
- Through the support of organisations within the food sector ECAC led a food distribution drive in the first quarter of 2020/21.
- The Nerve Centre is also monitoring human rights violations against people living with HIV because of Covid-19.
- Readiness training for re-opening of religious institutions.
- ECAC has solicited support from GIZ for a communications campaign.

Strategic Information

- Quarterly monitoring of the Provincial Implementation Plan (PIP) is done and findings and risks escalated through the AIDS Council.
- The BCM and Chris Hani District was supported with strategic information and capacity building for all DACs.
- A symposium was held on the difference of oral and injectable pre-exposure prophylaxis (PrEP). Research on the efficacy and adherence on the two methods of PrEP was presented. The initial take-up of oral PrEP is very good, but the follow-up take-up is low. Girls are reluctant to continue taking oral PrEP as they are stigmatised as being HIV positive and taking ARVs. Injectable PrEP presents them a different option and preliminary results are indicating improved adherence.

Sector Support

- A meeting with the LGBTIQ+ sector and sector leaders was held to discuss the sector's role in the Covid response and how sectors were to support HIV response during the Covid lockdown period. The PLHIV sector also met to discuss and develop their operational plan. The meeting preceded their HIV Testing Services (HTS) training.
- A bootcamp with adolescent girls and young women from six districts was held to discuss and be capacitated on HIV prevention.
- The South African Business Coalition on HIV/AIDS (SABCOHA) partnered with the International Labour Organisation (ILO) and the ECAC to launch their integrated HIV and Covid screening services project which is to form part of the private sector response to the PIP. The project involves the distribution of PPE and HIV testing services for informal business traders and waste pickers.
- The PLHIV sector, with support from Beyond Zero, contracted a service provider to facilitate a training session on group formation. The PLHIV sector wants to revive the establishment of support groups and deemed this training necessary. The training was attended by the PLHIV sector leaders. The PLHIV sector facilitated the establishment of a support group in Scenery Park as an intervention to improve the province's HIV outcomes. Support groups are to be established in all districts and wards of the province.
- The CSF had a three-day meeting discussing each sector's activities and challenges. A small amount of funding has been secured for each sector which was announced to them at the meeting. Each sector had to develop plans and a budget for the funding during this session. Issues of sexual harassment were also addressed.
- A PRC meeting was held, with the key focus being how the disruptions impacted on the behaviour change services by EC DSD and HIV services uptake provided by EC DOH. The main resolutions of the meeting were that an ECAC strategic planning session should be held in January 2021 and that research be conducted on reasons why the targeted provincial treatment and prevention outcomes are not being met.
- An MOU was signed with different boxing associations as a partnership between them and the ECAC. The MOU involves supporting the boxing community with HIV services and boxers promoting positive messages relating to HIV.
- The LGBTIQ+ sector had its provincial election to select the three members to represent the sector in the ECAC. The elections were preceded by a meeting on the first day and the elections was held on the second day. The Women sector met to discuss the preventions methods available to women and to discuss women priorities for the Global Fund RFF.

World AIDS Day

On 1 December 2020, the world observed World AIDS Day. A build-up programme was developed which involved health service outreach, a webinar in partnership with the Daily Dispatch and the private sector project launch. The main event took a hybrid format starting with the signing of the MOU with the boxing associations, followed by the establishment of the support group and ending of with a virtual commemoration.

World TB Day

A prevention social lab was held as part of the World TB Day build-up focussing on the School Health programme and the CSE implementation. School-going children are reported as being among the lost to follow up for TB and HIV. Further, children have the lowest viral load suppression rate for HIV. The lab discussed strategies to improve access to HIV and TB screening, treatment, and sexual reproductive health.

The TB Day build up programme took place over three weeks throughout the province with HIV and TB screening outreaches and was intensified during the week of 23 March as numerous activities took place. A Treatment Social Lab was held in Alfred Nzo DM focussing on TB. It was highlighted that the district has a high death rate and HIV/TB coinfection rate of 48%. The death rate was due to people presenting late at health facilities.

Partnerships and Resource Mobilisation

The new Global Fund RFF process has commenced, and an Eastern Cape provincial consultation was held to discuss what the province would like the RFF to focus on. The consultation took the form of an extended PRC. A Provincial CSF meeting was held virtually to discuss the progress made on sector elections and to plan for the establishment of district CSFs.

Municipal support visits to NMMB and Sarah Baartman DM was embarked upon, including meeting with the portfolio councillors and SPU managers. The purpose of the meetings was to advocate for adequate HIV budgets and for mayors to chair the AIDS Councillors. An HIV Co-ordinators meeting was held virtually; the meeting resolved to develop plans for the R100,000 budget allocation from Beyond Zero in strengthening DACs and to support the TB Day programmes in their districts.

O.R. Tambo District AIDS Council orientation session was held to orientate the mayors and portfolio councillors from the different local municipalities on AIDS Councillors.

Linking Performance with Budget

Budget Performance						
HIV/AIDS		**2020/2021**			**2019/2020**	
	Budget	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**	**Budget**	**Actual Expenditure per AFS**	**(Over)/ Under Expenditure**
	R'000	*R'000*	*R'000*	*R'000*	*R'000*	*R'000*
Goods and services	*400*	*224*	*176*	*300*	*305*	*(5)*
COE	*6,400*	*6,346*	*54*	*5,697*	*5,824*	*(127)*
Capital	-		-			-
TOTAL	*6,800*	*6,570*	*230*	*5,997*	*6,129*	*(132)*

Note: As per the National Treasury Annual Report Guide – expenditure as presented above agrees to the Annual Financial Statements which are presented on the accrual basis of accounting. These figures exclude commitments against budget until they are expensed. Accounting entries that do not have a cash flow effect are also included in the expenditure figures above. The budget figures are based on the modified cash basis therefore there are differences between the two reporting methods.

Underspending is due to savings on travel where meetings were held virtually as a result of the pandemic.

04 REVENUE COLLECTION

4.1 ECSECC Revenue

ECSECC is mainly financially supported by the Office of the Premier through voted funds. ECSECC also receives some funding from donor funders and municipalities for work as agreed upon in the service level agreement with each of these parties.

The table below provides a summary of revenue collection in the 2020/21 and 2019/20 financial years.

Sources of Revenue	2020/2021 Estimate	2020/2021 Actual Amount Collected	2020/2021 (Over)/Under Collection	2019/2020 Estimate	2019/2020 Actual Amount Collected	2019/2020 (Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Premier	62,679	67,679	(5,000)	50,045	50,045	-
Services Rendered	3,560	3,692	(132)	951	675	276
Other Income	1,173	1,173	-	1,373	1,383	(10)
Total	67,412	72,544	(5,132)	52,369	52,103	266

Office of the Premier	At mid-year ECSECC identified that there would be an underspending on PMO COE at an amount of R5,000,000. These funds were removed from the budget and communication was sent to OTP that the funds were available for surrender. ECSECC was advised that the surrender can only take place as part of the year end roll over process which is now reflecting as an over collection. The funds will be paid to the revenue fund as part of the 2020/21 roll over process. The net effect of the year-to-date variance is an over collection of R5,000,000.
Other	Other income consists of interest, insurance claims and dividends as well as funds allowed for roll over from 2019/20 financial year Over collection is due to additional interest collected on the tranche.
Own Revenue	Own revenue includes SLA income for services rendered.

4.2 Capital Investment, Maintenance and Asset Management

Capital investment: ECSECC capital investment includes computers, furniture and fittings, and intangible assets.

Maintenance: There was no major maintenance done during the 2020/21 financial year.

Assets management: The purpose of asset management is to enable ECSECC to meet its services delivery objectives efficiently and effectively by achieving the best possible match of assets with programme delivery strategies. Acquisition and disposals were dealt with per relevant sections in the policy. All assets were recorded in the asset register which was used in planning and budgeting and to record the information as a basis for the preparation of reports to Treasury, including the Annual Financial Statements.

PART C

GOVERNANCE

ECSECC BOARD MEMEBERS

Mr M. Sogoni
Board Chairperson

MEC N. Meth

Mr Z. Tini

Ms R. Moodley

Mr L. Holbrook

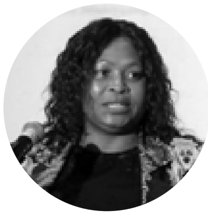
Mr S. Gqegqe

Mr L. Jack

Mr P. Ndendela

Mr D. Xotyeni

Mr M. Maleki



Ms N. Mona

Mr M. Koyo

Mr T. Kunene

Prof N. Monde

01 INTRODUCTION

Corporate governance embodies the processes and systems by which ECSECC is directed, controlled and held to account. In addition to legislative requirements based on the Companies Act, corporate governance in ECSECC is applied through the prescripts of the Public Finance Management Act (PFMA) (No. 1 of 1999) together with the principles contained in the King Report on Corporate Governance.

The Provincial Legislature, the Executive and the Accounting Authority of ECSECC are responsible for corporate governance.

02 PORTFOLIO COMMITTEE MEETINGS ATTENDED

In the period under review the ECSECC Board and management attended the OTP Portfolio Committee meetings on the following dates:

- 04 June 2020,
- 12 November 2020, and
- 26 November 2020.

03 EXECUTIVE AUTHORITY

The relationship between ECSECC and the Office of The Premier is governed by a Service Level Agreement (SLA) signed at the start of every financial year. ECSECC engages with the Office of the Premier on its plans in order to understand the expectation of the OTP. The OTP is invited to the annual strategic review session of the Board. ECSECC reports on a quarterly, mid-term and annual basis to the OTP.

ECSECC management meets quarterly with the Premier to present quarterly performance results.

ECSECC has complied with the SLA stipulations and has submitted quarterly reports and plans, mid-term reports, and an Annual Performance Plan and Annual Report in line with the legislative prescripts as well.

04 THE ACCOUNTING AUTHORITY / BOARD

4.1 Introduction

The Eastern Cape Socio Economic Consultative Council is governed by a multi-stakeholder Board of Directors who account to the Premier as the Executive Authority. The Premier has delegated MEC Nomakhosazana Meth to be the Chairperson of the ECSECC Board. The Board of Directors are proposed by the six (6) stakeholder constituencies that make up ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an annual general meeting and serve for two (2) years, after which they become eligible for re-election if nominated by their stakeholder constituencies.

Each stakeholder constituency has two (2) representatives on the Board of Directors. A maximum of two additional Board members may be recruited onto the Board of Directors at the annual general meeting.

The Board meets four times a year to consider reports from management and its sub-committees. The committees also meet four times a year to consider reports from management and perform such duties as delegated to it by the Board.

4.2 The Role of the Board

The Board of ECSECC meets four times a year and its role is to provide strategic leadership to the organisation and ensures that corporate governance principles are adhered to. It also considers quarterly reports from management and oversees the overall performance of the organisation in line with its mandate and strategic plan.

4.3 Board Charter

The ECSECC Board Charter is incorporated into the organisation's Memorandum of Incorporation and stipulates the nature and powers of the company; Directors' disqualification, removal and rotation of Directors; authority of the Board of Directors; meetings – proceedings, minutes and annual general meetings; indemnification and remuneration of Directors; officer and committees; notices; distribution of income; deregistration; financial year end; accounting records; and financial statements and donations.

The Board and its sub-committees completed its performance assessment. The assessment also considered the requirements set out in the charter(s) of the Board and its sub-committees. Overall, the Board and its sub- committees complied with the requirements of the charters.

4.4 Composition of the Board

The Premier has delegated MEC Nomakhosazana Meth to be the Chairperson of the ECSECC Board. The Board of Directors are composed by the six (6) stakeholder constituencies that make up ECSECC in terms of ECSECC's Memorandum of Incorporation. These stakeholder representatives are elected at an annual general meeting.

Name	Designation (in Terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications / Area of Expertise	Board Directorships (List of Entities)[1]	Other Committees or Task Teams (e.g.: Audit Committee / Ministerial Task Team)	No. of Meetings Attended[2]
MEC N. Meth	Chairperson and Provincial Government	August 2019	March 2021	Constituency Based		None	2
Mr M. Sogoni	Provincial Government	October 2020	Current	Constituency Based		None	3
Mr L. Jack	Higher Education	August 2016	Current	Constituency Based		Finance and Admin.	16
Prof. N. Monde	Higher Education	August 2016	October 2020	Constituency Based		Planning & Programmes	4
Prof. M. Simatele	Higher Education	October 2020	Current	Constituency Based		Planning &Programmes	10
Mr T. Kunene	Organised Labour	August 2018	Current	Constituency Based		None	10
Mr M. Maleki	Organised Labour	August 2019	Current	Constituency Based		Planning & Programmes	13
Ms R. Moodley	Non-governmental Organisations	November 2011	Current	Constituency Based		Audit, Risk & ICT Committee and Finance & Admin.	28
Mr D. Xotyeni	Non-governmental Organisations	October 2018	Current	Constituency Based		Planning & Programmes	13
Mr M. Koyo	Local Government	August 2016	Current	Constituency Based		None	4
Mr S. Gqegqe	Local Government	January 2019	Current	Constituency Based		Planning & Programmes and Finance & Admin	23
Mr P. Ndendela	Organised Business	November 2010	Current	Constituency Based		Planning & Programmes	17
Mr L. Holbrook	Organised Business	November 2011	Current	Constituency Based		Finance & Admin	19
Ms N. Mona	Organised Business	August 2019	March 2021	Constituency Based		None	10
Mr Z. Tini	Independent	Before 2007	Current	Constituency Based		Finance & Admin	20

1 It is noted that for the disclosure on Board Directorship (List of Entities) the information is still being collected from Board members.

2 These meetings include Induction, Board of Directors, AGM, Sub-Committee (planned and special), Portfolio Committee, Strategic Planning, Interviews and Risk Assessment meetings.

4.5 Board Committees

Committee	No. of meetings	No. of members	Name of members
Finance and Admin Sub- Committee	7	5	Mr Z. Tini (Chairperson) Ms R. Moodley Mr L. Holbrook Mr S. Gqegqe; Mr L. Jack
Planning and Programmes Sub-Committee	4	5	Mr P. Ndendela (Chairperson) Mr S. Gqegqe Mr D. Xotyeni Mr M. Maleki Prof. N. Monde replaced by Prof. M. Simatele
Audit, Risk and ICT Committee	6	6	Ms L. Smith (Chairperson) Ms R. Moodley (Board Representative) Mr N. Ravgee Ms W. Dukuza Mr C. Sparg Mr B. Bothma

4.6 Remuneration of Board Members

The Board remuneration is discussed in the Annual Financial Statements section. The remuneration of the Board has been determined through benchmarking with other entities in the province. Going forward these benchmarks will be reviewed in line with Treasury Regulations and in consultation with the Executive Authority.

Name	Remuneration	Other Allowance	Other Re-imbursements (mainly travel)	Total
MEC N. Meth	NIL	NIL	NIL	NIL
Mr M. Sogoni	NIL	NIL	NIL	NIL
Mr L. Jack	R60,800.00	NIL	NIL	R60,800.00
Prof. N. Monde	R15,200.00	NIL	NIL	R15,200.00
Prof. M. Simatele	R38,000.00	NIL	NIL	R38,000.00
Mr T. Kunene	R38,000.00	NIL	R2,569.62	R40,569.62
Mr M. Maleki	R49,400.00	NIL	NIL	R49,400.00
Ms R. Moodley	R106,400.00	NIL	NIL	R106,400.00
Mr D. Xotyeni	R49,400.00	NIL	NIL	R49,400.00
Mr M. Koyo	R15,200.00	NIL	NIL	R15,200.00
Mr S. Gqegqe	R87,400.00	NIL	R715.92	R 88,115.92
Mr P. Ndendela	R65,400.00	NIL	NIL	R65,400.00
Mr L. Holbrook	R78,000.00	NIL	NIL	R78,000.00
Ms N. Mona	R38,000.00	NIL	NIL	R38,000.00
Mr Z. Tini	R78,800.00	NIL	NIL	R78,800.00

05 **RISK** MANAGEMENT

The scope of the internal audit is in line with the Treasury Regulations, and limited to the extent that only samples of transactions are selected to determine whether the network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to determine whether management processes exist to ensure that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the entity's control processes; and
- Significant legislative or regulatory issues impacting the entity are recognised and addressed appropriately.

The Audit, Risk and ICT Committee is an integral component of the risk management process and specifically the committee oversees financial reporting risks, and fraud risks associated to internal financial controls. The committee considers the overall risk management processes in the Council.

Risk management is embedded in ECSECC activities, considered in the Annual Performance Plan and operational plan, and is included in all project plans. Risk management is also discussed at management committee meetings and is monitored and reported on a quarterly basis. Risk management is also included in all managers' performance agreements.

06 **INTERNAL** CONTROL UNIT

The role of the Internal Control Unit is played by the internal audit and the oversight role by the Audit, Risk and ICT Committee. The detailed discussion is expressed in section 7 below.

07 INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 The Audit Function at ECSECC

The internal controls, finances and performance information of ECSECC were reviewed and audited by the internal auditors. ECSECC's internal audit function is outsourced. The summary of audit work performed in the year under review includes:

- Facilitation of organisation risk assessment;
- Review of half-yearly performance reports;
- Project and Programme execution audit;
- Talent management and Succession Planning audit;
- ICT plan vs outcomes verification;
- Update of charters; and
- Attendance to Risk and Audit Committee meetings.

The Audit, Risk and ICT Committee consists of the members listed hereunder and meets at least four (4) times per annum as per its approved charter. During the current year, in total four (4) meetings were held.

ECSECC Audit, Risk and ICT Committee Members	Number of Meetings Attended
Ms L. Smith	5
Mr N. Ravgee	5
Ms W. Dukuza	5
Mr C. Sparg	6
Mr B. Bothma	6
Ms R. Moodley (Board Representative)	6

The table below discloses relevant information on the Audit, Risk and ICT Committee members:

Name	Highest Qualification	Internal or External	If internal, position in the public entity	Date Appointed	Date Resigned	No. of Meetings Attended
Ms R. Moodley	Honours in Human and Social Studies	Board Representative	Board Member	July 2019	Current	6
Ms L. Smith	Chartered Accountant	External		July 2019	Current	5
Mr N. Ravgee	Chartered ccountant	External		July 2019	Current	5
Ms W. Dukuza	BProc Admission Exams as an Attorney Certificate in Labour Relations Management	External		July 2019	Current	5
Mr C. Sparg	Chartered Accountant	External		July 2019	Current	6
Mr B. Bothma	BCom Business Commerce Information Systems and Management CISA (Certified Information Systems Auditor) GIBS Leadership Development Programme	External		July 2019	Current	6

08 COMPLIANCE WITH LAWS AND REGULATIONS

ECSECC has a compliance policy which regulates the state of compliance within the entity. Further, there are policies and procedures that employees abide by which are made available to everyone. Provincial Treasury makes available to the Entity any changes to regulations that might have an impact on the entity. Lastly, ECSECC obtains some level of comfort from internal and external audits when it comes to compliance.

09 FRAUD AND CORRUPTION

ECSECC has a Fraud Prevention Policy, a strategy and a plan in place. All these documents are communicated to employees and individuals are required to comply. Employees and other stakeholders can make use of the Whistleblowing Hotline administered by the Office of the Premier. ECSECC receives quarterly reports confirming any whistle blowing from the Office of the Premier. These are communicated to the Audit, Risk and ICT Committee. Further, employees are encouraged to make confidential disclosures should they suspect any instances of fraud within the organisation.

There were no reports of fraudulent activities in the current financial year.

10 MINIMISING CONFLICT OF INTEREST

ECSECC makes every available effort to minimise the risk of conflict of interest in all its business dealings. The Entity has policies and procedures that assist in managing the risk. Further, employees are required to complete a disclosure of interest annually, including supply chain practitioners. All bid adjudication and evaluation committee members also disclose their interest at every sitting. Members that are conflicted are excused from that specific sitting.

11 CODE OF CONDUCT

ECSECC has a Code of Conduct that is signed by the employees on an annual basis. Each employee signs acknowledgement at the beginning of each financial year. We also conduct an information session once a year. Where there is a breach of the Code of Conduct, the organisation deals with it within the prescripts of its disciplinary procedures and applicable legislation.

12 **HEALTH, SAFETY** AND ENVIRONMENTAL ISSUES

The organisation strives towards keeping a welcoming, safe and healthy working environment and has not experienced any health challenges or injury on duty in the period under review.

13 **BOARD** SECRETARY

ECSECC has not appointed a company secretary. The Executive Secretary and Chief Risk Officer plays the role of the Board Secretary and is responsible for driving the functionality and providing administrative support to the Board.

14 **SOCIAL** RESPONSIBILITY

ECSECC is a public entity responsible for advising government on socio-economic development policy choices. In addition, ECSECC is a non-profit-making entity and integral in its work is to provide advice that will ultimately lead to the qualitative change in the lives of the people. Consequently, ECSECC has no specific social responsibility programmes as this is integral to all its work.

15 AUDIT, RISK AND ICT COMMITTEE REPORT

The Committee is pleased to present our report for the financial year ended 31 March 2021. The table below discloses relevant information on the Audit, Risk & ICT Committee members:

New ECSECC Audit, Risk and ICT Committee
Ms L. Smith
Mr N. Ravgee
Ms W. Dukuza
Mr C. Sparg
Mr P. Bothma
Ms R. Moodley (Board representative)

15.1 Audit, Risk and ICT Committee Responsibility

The Audit, Risk and ICT Committee (hereinafter referred to as the Committee) is a sub-committee of the Eastern Cape Socio Economic Consultative Council (hereinafter referred to as the Council), established to assist it in fulfilling its oversight responsibilities in terms of section 51 of the Public Finance Management Act (PFMA) (Act No. 1 of 1999) read together with Treasury Regulation 27.1. The Committee's mandate is to assist the Council specifically in matters relating to statutory and internal audits; internal controls; financial control and reporting; statutory compliance relative to the financial statements; performance; risk management; ICT and corporate governance.

The Committee reports that it has complied with its responsibilities arising from the sections as stated above, has adopted appropriate formal terms of reference as its charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

15.2 The effectiveness of internal control

The system of internal control applied by the entity over financial risk, risk management and ICT is effective, efficient and transparent.

In line with the PFMA and Companies Act (Act No. 71 of 2008) requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of a risk management process, as well as identification of corrective actions and suggested enhancements to the controls and processes.

From the reports of the Internal Auditors no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal controls was effective for the period under review.

15.3 In-Year Management and Monthly/Quarterly Report

The public entity has submitted quarterly reports to the Accounting and Executive Authority.

15.4 Evaluation of Financial Statements and Annual Report

The Committee has:

- Reviewed and discussed the financial statements to be included in the annual report.
- Reviewed accounting policies and practices; and
- Reviewed the entity's compliance with legal and regulatory provisions.

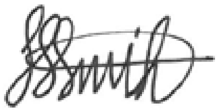
The Committee recommended to the Accounting Authority, for their approval, that the financial statements and annual report be submitted for audit by the 31 May 2021.

15.5 Internal Audit

The internal audit function is outsourced. The Committee is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the entity in its audits. The Committee appreciates the good working relations between ECSECC and its internal auditors.

15.6 Auditor's Report

The Committee is pleased with and accepts the Auditor-General's report for the year ended 31 March 2021.

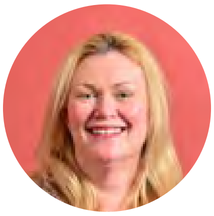


Chairperson of the Audit, Risk and ICT Committee

L. Smith CA(SA), RA

Date: 26 August 2021

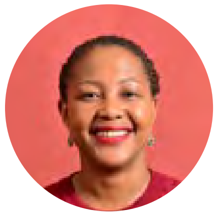
COMMITTEE



Ms L. Smith
Chairperson

Ms R. Moodley
Board Representative

Mr N. Ravgee



Ms W. Dukuza

Mr C. Sparg

Mr B. Bothma

16 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

ECSECC applied the relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response Yes / No	Discussion
Ownership	Yes	Compliant
Skills Development	Yes	Compliant
Enterprise and Supplier Development	Yes	Compliant
Annual Revenue of R10m or less	Yes	Compliant
100% Black Owned	Yes	Compliant

PART D

HUMAN RESOURCE MANAGEMENT

01 INTRODUCTION

1.1 Overview of ECSECC HR Matters

The Five-year Human Resources Strategy

The Human Resources Strategy reads in conjunction with the ECSECC 2020-2025, the Annual Performance Plans and the Service Model and provide the organisational context for the strategy and outline the need to:

- Ensure that ECSECC has a healthy, productive, capable and agile workforce and HR management and development system.
- Increasing investment and focus on staff development and skills development to ensure upgrading of skills and competencies in line with the value proposition and service offering.
- Strengthening the learning culture.

Attract and Recruit a Skilled and Capable Labour Workforce

This organisational structure is reviewed on an annual basis, as part of the annual planning process. It is then approved by the Board of Directors for implementation at the beginning of the financial year. ECSECC management fills the positions based on the approved organogram.

Employee Performance Management Framework

ECSECC uses a performance management and development system to manage the performance of employees. The performance management system that is used does not only seek to assess and enhance performance of employees but also seeks to create motivated employees who are resilient, take initiative, are innovative and are effective self-leaders. The performance management system is structured such that it encourages employees to practice the organisational values that are reflected in the organisation's five-year strategic plan.

Performance reviews are done twice a year. The first review covers the first six months, and the second review covers the whole financial year. Managers are encouraged to give feedback on employee performance throughout the financial year.

Employee Wellness Programmes

ECSECC developed the Employee Health and Wellness Plan. The purpose of the Wellness Plan is ensuring that ECSECC has a healthy, productive, capable and agile workforce. The strategic objectives of the plan are focussed on management of HIV and AIDS, STIs, TB and Covid-19 in the workplace, health and productivity management in the workplace, and wellness management.

The focus in the year under review was on the management of Covid-19 through ensuring that the workplace is compliant with Covid-19 regulations. Educational and debriefing sessions were held with employees to ensure that their wellbeing was promoted.

Highlight of Achievements

- ECSECC submitted the amended Employment Equity Plan as per the requirements of the Department of Labour.
- Funds were allocated for the capacity building of staff members.

Future Human Resources Plans and Goals

ECSECC is going to be placing emphasis on capacity development of staff by implementing a staff development plan that will assist the organisation to focus on professional efforts and identify individual work goals.

There is also going to be a strong emphasis on employee health and wellness programmes that focusses on the physical and emotional well-being of employees.

02 HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel Cost by Programme

	Total Expenditure	Personnel Expenditure	Personnel Cost as a Percent of Total Expenditure	No. of Employees	Average Personnel Cost Per Employee
Finance, Corporate Affairs, Strategic Operations and Knowledge Management	34,838,242	22,869,043	66%	24	952,877
Economic Governance and Human Resource Development	5,235,668	5,006,682	96%	4	1,251,670
Governance and Planning Support	7,232,682	6,875,648	95%	5	1,375,130
HIV/AIDS	6,569,772	6,345,703	97%	6	1,057,617
Total	53,876,364	41,097,076	76%	39	1,053,771

2.2 Personnel Cost by Salary Band

	Personnel Expenditure	% of Total Personnel Cost	No. of Employees	Average Personnel Cost Per Employee
Lower skilled (Grade A – B)	3,239,450	8%	9	359,939
Skilled (Grade C)	8,360,615	20%	10	836,062
Highly skilled (Grade D 1,2,3)	19,167,073	47%	13	1,474,390
Highly skilled with supervision (Grade D4&5)	6,917,649	17%	5	1,383,530
Chief Executive Officer and Chief Financial Officer (Grade E)	3,412,288	8%	2	1,706,144
Total	41,097,075	100%	39	1,053,771

2.3 Performance Rewards

Programme/Activity/Objective	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Cost
Lower skilled (Grade A – B)	307,762	3,239,450	10%
Skilled (Grade C)	759,155	8,360,615	9%
Highly skilled (Grade D 1,2,3)	2,078,309	19,167,073	11%
Highly skilled with supervision (Grade D4&5)	629,026	6,917,649	9%
Chief executive officer and chief financial officer (Grade E)	569,512	3,412,288	17%
TOTAL	4,343,764	41,097,075	11%

2.4 Training Costs

Programme/Activity/ Objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost Per Employee
Finance, Corporate Affairs, Strategic Operations and Knowledge Management	22,869,043	117,252	1%	14	8,375
Economic Governance and Human Resource Development	5,006,682	132,000	3%	8	16,500
Governance and Planning Support	6,875,648	20,000	0%	1	20,000
HIV/AIDS	6,345,703	10,000	0%	1	10,000
Total	41,097,076	279,252	1%	24	11,636

2.5 Employment and Vacancies

Programme	2020/2021 Number of Employees (01 April 2020)	Number of Posts Approved	Number of Employees (31 March 2021)	2021/2022 Vacancies (31 March 2021)	% of Vacancy **
Administration and Finance	17	18	16	2	11%
Strategy, Operations and Knowledge Management	7	11	7	4	36%
Economic Governance and Human Resources Development	4	8	4	4	50%
Governance Planning Support	5	7	5	2	28%
Eastern Cape Aids Council	6	6	6	0	0%
Total	39	50	38	12	24%

* Note: Five posts were vacant (unfunded) for the full financial year. Remaining posts were vacant for parts of the year only due to resignations and internal movement.

Programme/Activity/Objective	2019/2020 No. of Employees	2020/2021 Approved Posts	2020/2021 No. of Employees	2020/20201 Vacancies	% of Vacancies
Top management		2	2	1	50%
Senior management		6	5	1	16%
Professional qualified		14	13	4	28%
Skilled		13	12	1	8%
Semi-skilled		9	9	0	0%
Unskilled		0	0	0	0%
Total		44	41	7	16%

2.6 Employment Changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top management	2	0	1	1
Senior management	4	1	0	5
Professional qualified	13	0	2	11
Skilled	10	2	0	12
Semi-skilled	9	0	0	9
Unskilled	0	0	0	0
Total	38	3	3	38

2.7 Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	1	33%
Dismissal	0	0%
Retirement	1	33%
Ill-health	0	0%
Expiry of contract	1	33%
Other	0	0%
Total	3	100%

2.8 Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal warning	1
Written warning	0
Final written warning	0
Dismissal	0

2.9 Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	1	1
Senior management	3	2	0	0	0	0	0	0
Professional qualified	4	6	1	0	0	0	0	0
Skilled	1	3	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	8	12	1	0	0	0	1	1

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	1	0	0	0	0	0	0
Senior management	1	2	0	0	0	0	1	1
Professional qualified	7	7	1	1	0	0	1	1
Skilled	10	8	0	0	1	1	0	0
Semi-skilled	8	8	0	0	0	0	0	0
Unskilled	0	2	0	0	0	0	0	0
Total	26	28	1	1	1	1	2	2

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	1
Professional qualified	0	1	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	0	1	0	1

Overall, the organisation is prioritising meeting employment equity targets.

PART E

FINANCIAL INFORMATION

REPORT ON THE AUDIT OF THE *FINANCIAL STATEMENTS*

Report of the Auditor-General to Eastern Cape Provincial Legislature on the Eastern Cape Socio Economic Consultative Council

Opinion

1. I have audited the financial statements of the Eastern Cape Socio Economic Consultative Council (ECSECC) set out on pages 72 to 109, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 Socio Economic Consultative Council as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for Opinion

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

Responsibilities of Accounting Authority for the Financial Statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the entity'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 appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

REPORT ON THE AUDIT OF THE *ANNUAL PERFORMANCE REPORT*

Introduction and Scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.

12. 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 programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – Strategic Planning and Governance.	36 - 39

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

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

    - Governance planning support

Introduction and scope

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

16. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Other Information

17. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

18. 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 on it.

19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

20. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal Control Deficiencies

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

AUDITOR GENERAL

East London

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE
AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial Statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with Those Charged with Governance

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Chief Executive Officer
L. Mosana

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2021	2020
ASSETS			
Current Assets			
Receivables from exchange transactions	3	104,378	79,557
Prepayments	4	1,889,506	1,209,976
Cash and cash equivalents	5	18,105,322	7,446,208
		20,099,206	**8,735,741**
Non-current Assets			
Property, plant and equipment	6	2,542,630	1,744,806
Intangible assets	7	1,015,950	770,732
Other financial assets	8	127,930	109,792
Prepayments	4	26,283	16,242
Rental deposit	9	432,131	422,772
		4,144,924	**3,064,344**
Total Assets		**24,244,130**	**11,800,085**
LIABILITIES			
Current Liabilities			
Finance lease obligation	10	19,756	108,205
Payables from exchange transactions	11	3,070,128	3,205,583
Funds to be surrendered	12	17,378,817	6,473,997
		20,468,701	**9,787,785**
Non-current Liabilities			
Finance lease obligation	10	-	19,756
Operating lease liability	13	470,097	133,117
		470,097	**152,873**
Total Liabilities		**20,938,798**	**9,940,658**
Net Assets		**3,305,332**	**1,859,427**
Accumulated surplus		**3,305,332**	**1,859,427**

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020
Revenue	15	54,407,409	46,180,213
Other income	16	-	23,810
Operating expenses	17	(53,863,665)	(47,147,469)
Operating surplus (deficit)		**543,744**	**(943,446)**
Investment revenue	18	896,721	386,841
Fair value adjustments		18,138	(48,718)
Finance costs	22	(12,698)	(28,523)
Surplus (deficit) for the year		**1,445,905**	**(633,846)**

STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Accumulated Surplus	Total Net Assets
Opening balance as previously reported	*2,493,273*	*2,493,273*
Balance at 01 April 2019	***2,493,273***	***2,493,273***
Changes in net assets Deficit for the year	*(633,846)*	*(633,846)*
Total changes	***(633,846)***	***(633,846)***
Balance at 01 April 2020	***1,859,427***	***1,859,427***
Changes in net assets Surplus for the year	*1,445,905*	*1,445,905*
Total changes	***1,445,905***	***1,445,905***
Balance at 31 March 2021	***3,305,332***	***3,305,332***

CASH FLOW STATEMENT

Figures in Rand	Note(s)	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rendering of services		472,500	675,000
Grants		64,718,160	50,045,000
Interest income		891,563	381,099
Dividends received		5,158	5,742
		66,087,381	**51,106,841**
Payments			
Employee costs		(40,791,441)	(34,857,564)
Suppliers		(12,794,843)	(11,751,135)
Finance costs		(12,698)	(28,523)
		(53,598,982)	**(46,637,222)**
Net cash flows from operating activities	23	**12,488,399**	**4,469,619**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(1,475,860)	(144,174)
Proceeds from disposal of property, plant and equipment	6	-	32,905
Purchase of intangible assets	7	(245,218)	(12,892)
Net cash flows from investing activities		**(1,721,078)**	**(124,161)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease obligation		(108,207)	(92,378)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,659,114**	**4,253,080**
Cash and cash equivalents at the beginning of the year		7,446,208	3,193,128
Cash and cash equivalents at the end of the year	5	**18,105,322**	**7,446,208**

STATEMENT OF
COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference between Final Budget and Actual	Reference
Statement of Financial Performance						
REVENUE						
Revenue from exchange transactions						
Rendering of services	-	1,172,500	**1,172,500**	1,172,500	**-**	1.
Other income	-	2,810,205	**2,810,205**	2,810,205	**-**	2.
Interest received	350,000	400,000	**750,000**	891,563	**141,563**	3.
Dividends received	-	-	**-**	5,158	**5,158**	2.
Total revenue from exchange transactions	**350,000**	**4,382,705**	**4,732,705**	**4,879,426**	**146,721**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	67,679,500	(5,000,000)	**62,679,500**	62,679,500	5,000,000	4.
Total revenue	68,029,500	(617,295)	67,412,205	72,558,926	5,146,721	
EXPENDITURE						
Employee related costs	(47,073,433)	5,812,600	**(41,260,833)**	(40,791,441)	**469,392**	5.
General expenses	(18,956,067)	2,039,350	**(16,916,717)**	(14,120,174)	**2,796,543**	6.
Total expenditure	(66,029,500)	7,851,950	(58,177,550)	(54,911,615)	3,265,935	
Operating surplus	**2,000,000**	**7,234,655**	**9,234,655**	**17,647,311**	**8,412,656**	
Capital expenditure	(2,000,000)	(7,234,655)	(9,234,655)	(9,221,870)	**12,785**	7.
Surplus	-	-	-	8,425,441	8,425,441	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**8,425,441**	**8,425,441**	
RECONCILIATION						
Basis difference adjustments:						
Employee related costs				(305,635)		5.
General expenses				2,018,923		6.
Disposal of PPE				(88,702)		
Government grants				(13,866,160)		4.
Other income				(2,810,205)		2.
Capital expenditure				9,221,870		7.
Depreciation and amortisation				(589,334)		
Fair value adjustment				18,138		
Rendering of services				(578,431)		1.
Actual Amount in the Statement of Financial Performance				1,445,905		

STATEMENT OF
COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

The Eastern Cape Socio Economic Consultative Council (ECSECC) budget adjustments as well as material variances are explained as follows:

1. The rendering of services includes service level agreements entered into between ECSECC and 3rd parties for the delivery of professional services as agreed. The agreed payment for these services is allocated to the budget in line with the anticipated outflow of costs. The budget adjustments include funds received to be utilised in the current year. It is important to note that the budget allocation of funds for expenditure does not align with the Generally Recognised Accounting Practice (GRAP) requirements for the recognition of revenue. Therefore revenue will be recognised in accordance with GRAP, but the budget is allocated when expenditure is expected to be incurred which causes the recognised revenue and the allocation of budget not to align in the annual financial statements.

2. Other income includes an adjusted budget allocated for funds for the prior year commitments that were rolled over into the current year. The variance is due to dividends received after year end relating to the current year that were not budgeted for.

3. ECSECC requested a higher first tranche from Office of the Premier (OTP) including requesting Project Management Office (PMO) funds upfront. These funds were invested in a short term deposit account and earned more interest than anticipated. The budget was adjusted for this however additional slower cash flows resulted in interest earned above the adjusted budget.

4. At mid year, ECSECC identified funds available for surrender of R5 000 000 relating mainly to vacancies in PMO. ECSECC notified OTP and Eastern Cape Treasury of the availability of these funds however, ECSECC was informed that the funds can only be physically returned as part of the year end roll over process. The budget was adjusted down by the R5 000 000 however ECSECC is holding the funds to return as part of the year end roll over process.

5. Employee Related Costs budget adjustments relate to the shifting of funds to fund cost pressures identified during the year as well as reducing the budget for the underspending as identified and explained above in point 4. The variance is due to vacancies during the year.

6.-7. Budget adjustments to general and capital expenditure were mainly due to the change in need of services originally identified for use. Underspending on general expenditure is mainly attributable to research publications that were posted digitally rather than being printed; software licences that were budgeted for but were found not to be of value therefore not obtained and SLA funds that need to be rolled over to next financial year as the projects have been extended due to delays caused by COVID-19 pandemic.

ACCOUNTING *POLICIES*

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (PFMA) (No. 1 of 1999).

The Eastern Cape Socio Economic Consultative Council (ECSECC) is an entity domiciled in South Africa. The address of ECSECC's registered office is 12 Gloucester Road, Vincent, East London, 5201. ECSECC is involved in policy, planning and development facilitation support to provincial government and other stakeholders in the Eastern Cape. ECSECC is a Schedule 3C Public Entity as defined in the Public Finance Management Act (No. 1 of 1999) (PFMA) reporting to the Eastern Cape Office of the Premier.

The annual financial statements were authorised on 27 May 2021 by the Board of Directors for issue on 31 May 2021.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand, which is the entity's functional currency.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity 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:

Provisions

Provisions were raised and management determined an estimate based on the information available.

Motor vehicle residual value

The entity's management determines the estimated residual value for the entity's motor vehicle which affects the related depreciation charges. This estimate is based on industry norm. Management will amend the depreciation charge in the future should the estimated residual value change.

Useful life assessment

The entity's management determines the estimated useful life of an item of Property, plant and equipment based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from previous estimate, the change is accounted for as a change in accounting estimate.

The entity's management determines the estimated useful life of an item of intangible assets based on the entity's expected usage of the asset. The useful life is assessed at each reporting date and if expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. 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.

1.3 Property, plant and equipment

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

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

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

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

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.

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6.67 - 20 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	6.67 - 20 years
Computer equipment	Straight line	3 - 20 years

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

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

The depreciation charge for each period is recognised in surplus or deficit.

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.

The entity discloses relevant information relating to contractual commitments for the acquisition of property, plant and equipment in the notes to the financial statements (see note 24). Refer to accounting policy note 1.10 for commitments.

1.4 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity 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 entity; and
- The cost or fair value of the asset can be measured reliably.

ACCOUNTING POLICIES

1.4. Intangible assets (continued)

The entity 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.

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

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

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

Improvements at the expense of ECSECC to leasehold premises held under operating lease have been capitalized as Intangible assets - Rights to use - leasehold improvements. It will be amortised over the remaining lease period.

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 5 years or indefinite
Rights to use - leasehold improvements	Straight line	lessor of 5 years or the remaining lease period

The entity discloses relevant information relating to contractual commitments for the acquisition of intangible assets in the notes to the financial statements (see note 24). Refer to accounting policy note 1.10 for commitments.

1.5. 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.

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.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- Cash;
- A residual interest of another entity; or
- A contractual right to:
    - » Receive cash or another financial asset from another entity; or
    - » Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- Instruments held for trading. A financial instrument is held for trading if:
    - » It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
    - » On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
    - » Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
    - » Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

Classification

The entity 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
Rental deposit	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity 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 (excluding income received in advance)	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

Income received in advance is classified as a current liability representing funds paid in advance by customers for which deliverables are still due to be delivered by ECSECC.

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

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

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

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 entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity 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.

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

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.

1.6 Prepayments

A pre-paid expense is an expense paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense.

A pre-paid expense is carried on the Statement of Financial Position of the entity as a current asset until it is consumed. If a prepaid expense were likely to not be consumed within the next year, it would instead be classified on the Statement of Financial Position as a non-current asset. Once consumption has occurred, the pre-paid expense is removed from the Statement of Financial Position and is instead reported in that period as an expense on the Statement of Financial Performance.

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 buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

Relevant disclosures relating to details of future minimum lease payments under non-cancelable operating leases are made in note 24.

ACCOUNTING POLICIES

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service.

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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance-related payments when the entity 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 entity has no realistic alternative but to make the payments.

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 entity 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.

***ACCOUNTING** POLICIES*

1.9 Provisions and contingencies (continued)

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 surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Funds to be surrendered are classified as provisions.

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. These include contracts entered into and purchase orders raised on or before 31 March 2021. Disclosure of commitments budgeted for in the current financial year and those budgeted for in subsequent years are disclosed separately and further split between capital commitments (items of property, plant and equipment or intangible assets) and operating commitments (items of general expenditure).

Disclosures are required in respect of unrecognised contractual commitments.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity 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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ACCOUNTING POLICIES

1.11 Revenue from exchange transactions (continued)

Interest

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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 entity 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.

Grant funding

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised by the entity.

An unconditional grant is recognised in surplus or deficit as other income when the grant becomes receivable.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Budget information

An entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis including payables, certain commitments and pre-payments and presented by economic classification.

The approved budget covers the fiscal period from 01 April 2020 to 31 March 2021.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

***ACCOUNTING** POLICIES*

1.15 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.16 Changes in accounting policy, estimates and errors

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

1.17 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as a reduction to the expense in the statement of financial performance. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

NOTES TO THE *ANNUAL FINANCIAL STATEMENTS*

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity 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 5:	Borrowing Costs
GRAP 9:	Revenue from Exchange Transactions
GRAP 13:	Leases
GRAP 14:	Events After the Reporting Date
GRAP 17:	Property, Plant and Equipment
GRAP 19:	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20:	Related Party Disclosures
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 104:	Financial Instruments
GRAP 105:	Transfer of Functions Between Entities Under Common Control
GRAP 108:	Statutory Receivables
GRAP 109:	Accounting by Principals and Agents

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact:**
GRAP 25: Employee Benefits - revised	1 April 2021	Unlikely there will be a material impact
GRAP 104: Financial Instruments - revised	1 April 2021	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

3. Receivables from exchange transactions

Employee costs receivable	39,999	-
Dividend receivable	5,158	5,742
Office of the Premier - employee secondment	59,221	73,815
	104,378	**79,557**

The amount of R5 158 (2020: R 5 742) receivable from Sanlam Ltd relates to dividends receivable on shares held by ECSECC by virtue of the Sanlam demutualization. (Refer to note 8).

4. Prepayments

Current		
Telephone	1,988	-
Rental	255,481	273,401
Security	862	759
Subscriptions	1,183,094	935,816
Professional fees	440,000	-
Insurance	8,081	-
	1,889,506	**1,209,976**
Non-Current		
Subscriptions	26,283	16,242
Non-Current Prepayments	26,283	16,242
Current Prepayments	1,889,506	1,209,976
	1,915,789	**1,226,218**

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:		
Cash on hand	2,657	2,452
Bank balances	2,490,661	7,443,756
Short-term deposits	15,612,004	-
	18,105,322	**7,446,208**
Cash and cash equivalents includes the following 3rd party funds:		
Income received in advance	284,383	405,952
These are funds received in terms of Service Level Agreements entered into for the delivery of services which is work in progress at year end		
Ntabankulu Local Municipality	315,617	294,048

In addition to the amounts recognised above as received in advance, the following amounts have been received and are budgeted to be utilized in the next financial year. The accounting treatment for the recognition of revenue does not correlate to budget figures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

6. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	1,729,477	(1,552,042)	177,435	1,729,060	(1,515,258)	213,802
Motor vehicles	187,898	(110,623)	77,275	187,898	(100,065)	87,833
Office equipment	1,077,563	(809,667)	267,896	924,409	(681,680)	242,729
Computer equipment	5,163,786	(3,143,762)	2,020,024	4,467,629	(3,267,187)	1,200,442
Total	**8,158,724**	**(5,616,094)**	**2,542,630**	**7,308,996**	**(5,564,190)**	**1,744,806**

Reconciliation of property, plant and equipment - 2021	**Opening Balance**	**Additions**	**Disposals**	**Change in Estimate (lower depreciation)**	**Depreciation**	**Total**
Furniture and fittings	213,802	417	-	27,860	(64,644)	177,435
Motor vehicles	87,833	-	-	-	(10,558)	77,275
Office equipment	242,729	153,154	-	46,785	(174,772)	267,896
Computer equipment	1,200,442	1,322,289	(88,702)	335,429	(749,434)	2,020,024
	1,744,806	**1,475,860**	**(88,702)**	**410,074**	**(999,408)**	**2,542,630**

Reconciliation of property, plant and equipment - 2020	**Opening Balance**	**Additions**	**Disposals**	**Change in Estimate (additional depreciation)**	**Depreciation**	**Total**
Furniture and fittings	274,971	559	-	-	(61,728)	213,802
Motor vehicles	98,391	-	-	(10,558)	-	87,833
Office equipment	392,563	12,349	-	-	(162,183)	242,729
Computer equipment	1,746,945	131,266	(9,095)	-	(668,674)	1,200,442
	2,512,870	**144,174**	**(9,095)**	**(10,558)**	**(892,585)**	**1,744,806**

Pledged as security

ECSECC has not pledged any of its property, plant and equipment as security and there are no restrictions on title.

Assets subject to finance lease (Net carrying amount)

	2021	2020
Computer equipment	15,940	111,579

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

6. Property, plant and equipment (continued)

Other information

Depreciation included as part of operating expenditure - note 18		
Depreciation	999,408	892,585
Change in estimate	(410,074)	10,558
	589,334	**903,143**

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)		
Office equipment	14,797	9,598
Office equipment (identified for donation/disposal)	35,808	22,899
Furniture and fittings	182,779	146,494
Furniture and fittings (identified for donation/disposal)	134,688	167,632
Computer equipment	405,881	422,347
Computer equipment (identified for donation/disposal)	434,203	364,076
	1,208,156	**1,133,046**

Property, plant and equipment that is fully depreciated and has been identified for donation or disposal amounts to R604 699 (2020: R554 607).

7. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	974,799	-	974,799	770,732	-	770,732
Rights to use - leasehold improvements	41,151	-	41,151	-	-	-
Total	**1,015,950**	**-**	**1,015,950**	**770,732**	**-**	**770,732**

Reconciliation of intangible assets - 2021	Opening balance	Additions	Total
Computer software	770,732	204,067	974,799
Rights to use - leasehold improvements		41,151	41,151
	770,732	**245,218**	**1,015,950**

Reconciliation of intangible assets - 2020	Opening balance	Additions	Total
Computer software	757,840	12,892	770,732

Pledged as security

ECSECC has not pledged any of its intangible assets as security and there are no restrictions on title.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

7. Intangible assets (continued)

Other information		
Intangible assets with indefinite lives:		
Computer software	*974,799*	*770,732*

The useful life of computer software has been assessed as being indefinite.

It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the entity.

In determining the indefinite useful life assets, consideration was given to the expected usage of the asset by the entity; product life cycle; obsolescence; market stability and the level of maintenance expenditure required to obtain the expected future economic benefits. Some of the computer software packages have been in existence in excess of 10 years. A licence fee is payable annually for the latest updates to the package to ensure it maintains the expected future economic benefits to the entity as well as for continued use by the entity.

Factors that would be considered when assessing indefinite useful life assets for impairment include:

- The intention of the entity to continue using the software package and renew the licence.
- The development of a more advanced software package with the intention of management to change the current software package within the available budget.
- Technological obsolescence of the software package.

8. Other financial assets

Designated at fair value		
Listed shares	*127,930*	*109,792*

2 149 shares are held in Sanlam Ltd and are valued at fair value based on the share price traded in an active market.

Non-current assets		
Designated at fair value	*127,930*	*109,792*

Financial assets at fair value

Fair values of financial assets measured or disclosed at fair value		
Sanlam Ltd	*127,930*	*109,792*

Sanlam demutualised in 1998 and all policy holders were issued free shares. These shares were issued to ECSECC by virtue of the policies held and were not purchased or applied for.

The shares are traded in an active market and the fair value was determined using the share price at 31 March.

9. Rental deposit

Non-current asset	*432,131*	*422,772*

The deposit amounting to R 330 659 was paid in April 2015 to the lessor as per the requirements of the office accommodation lease agreement. The deposit including interest due amounts to R 432 131 (2020: R 422 772) . The rental agreement was scheduled to terminate on 30 November 2019 however the lease was subsequently extended for 5 years with the deposit being retained under the same terms and conditions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

10. Finance lease obligation

Minimum lease payments due		
- within one year	20,150	120,903
- in second to fifth year inclusive	-	20,150
	20,150	141,053
less: future finance charges	(394)	(13,092)
Present value of minimum lease payments	**19,756**	**127,961**
Present value of minimum lease payments due		
- within one year	19,756	108,205
- in second to fifth year inclusive	-	19,756
	19,756	**127,961**
Non-current liabilities	-	19,756
Current liabilities	19,756	108,205
	19,756	**127,961**

The average lease term was 3 years, and the average effective borrowing rate was 1.33% (2020: 1.33%).

There is no contingent rental payable on the leasing arrangements.

No restrictions are imposed by the lease arrangements.

11. Payables from exchange transactions

Trade and other payables	600,394	877,517
Income received in advanced - contract in process	284,383	405,952
Accrued leave pay	2,059,240	1,753,605
Employee bonus saving accrual	126,111	94,694
Other related party accruals	-	73,815
	3,070,128	**3,205,583**

Income received in advance relates to funds received in terms of Service Level Agreements entered into for the delivery of services to other institutions. At year end these services are work in progress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

12. Funds to be surrendered

Refunds arising from funds to be surrendered	17,378,817	6,473,997

The surrender relates to the possible repayment of funds to the Revenue Fund. The surrender is determined by Provincial Treasury and communicated to the entity before the end of the next financial year.

Funds to be surrendered		
Balance at the beginning of the year	6,473,997	1,664,280
Surrendered	(2,961,340)	-
Prior year under/(over) provision	(3,512,657)	(1,664,280)
Additions	17,378,817	6,473,997
	17,378,817	**6,473,997**

Movement recognised in revenue (refer to note 15)		
Opening balance	6,473,997	1,664,280
Closing balance	(17,378,817)	(6,473,997)
Funds surrendered	(2,961,340)	-
	(13,866,160)	**(4,809,717)**

Funds to be surrendered - reconciliation		
Cash and cash equivalents	18,105,322	7,446,208
Less: Trade and other payables	(600,394)	(877,517)
Less: Employee bonus saving accrual	(126,111)	(94,694)
	17,378,817	**6,473,997**

In terms of section 53 of PFMA, ECSECC as a Public Entity may not accumulate surpluses unless the prior written approval of the Provincial Treasury has been obtained.

Treasury Instruction 3 of 2013/14 issued by the Eastern Cape Provincial Treasury is used to determine the amount to be recognised for surrender. This Instruction Note only allows for the deduction of certain payables and accruals from the bank balance which is not an accurate reflection of the amount available for surrender. The timing of payment is dependant on when the Treasury process is finalized and communication received - normally by November of the following year.

The funds to be surrendered value includes 3rd party funds and funds that have been committed. A roll over request for these funds has been submitted to Eastern Cape Provincial Treasury. The following items are included in the roll over request:

Funds to be rolled over		
Income received in advance - contract in process (3rd party funds)	284,383	405,952
3rd party funds budgeted for subsequent year (refer note 6)	315,617	294,048
Committed expenditure (budgeted in the current year)	9,058,919	1,306,740
	9,658,919	**2,006,740**

Based on the above, ECSECC has R 7 719 898 (R17 378 817 - R9 658 919) available for surrender for the 2020/21 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

13. Operating lease liability

Non-current liabilities	*470,097*	*133,117*

The entity has entered into an operating lease for operating premises. Leased property remains with the lessor throughout the lease term and upon the expiration of the lease agreement. Refer to note 24.

14. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets	**At fair value**	**At amortised cost**	**Total**
Receivables from exchange transactions	-	*104,378*	*104,378*
Cash and cash equivalents	-	*18,105,322*	*18,105,322*
Rental deposit	-	*432,131*	*432,131*
Other financial assets	*127,930*	-	*127,930*
	127,930	***18,641,831***	***18,769,761***

Financial liabilities	**At amortised cost**	**Total**
Payables from exchange transactions	*2,785,745*	*2,785,745*
Finance lease obligation	*19,756*	*19,756*
	2,805,501	***2,805,501***

2020

Financial assets	**At fair value**	**At amortised cost**	**Total**
Receivables from exchange transactions	-	*79,557*	*79,557*
Cash and cash equivalents	-	*7,446,208*	*7,446,208*
Rental deposit	-	*422,772*	*422,772*
Other financial assets	*109,792*	-	*109,792*
	109,792	***7,948,537***	***8,058,329***

Financial liabilities	**At amortised cost**	**Total**
Payables from exchange transactions	*2,799,631*	*2,799,631*
Finance lease obligation	*127,961*	*127,961*
	2,927,592	***2,927,592***

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

15. Revenue

15.1 Revenue from non exchange transactions

Transfers: Office of The Premier	53,813,340	45,235,283

Office of The Premier

In terms of the Service Level Agreement between ECSECC and OTP, this grant is used to fund the core functions of the organisation.

Grants received	67,679,500	50,045,000
Funds to be surrendered movement (refer to note 12)	(13,866,160)	(4,809,717)
	53,813,340	**53,813,340**

15.2 Revenue from exchange transactions: Rendering of services

OR Tambo District Municipality	150,000	120,000
Walter Sisulu University	-	405,882
Ntabankulu Local Municipality	444,069	419,048
	594,069	**944,930**

ECSECC has entered into Service Level Agreements for the rendering of services with these institutions. The deliverables and timeframe's have been agreed upon. During the previous financial year the Walter Sisulu University deliverables were completed in terms of the Service Level Agreements.

Total Revenue	**54,407,409**	**46,180,213**

16. Other income

Gain on disposal of property, plant and equipment	-	23,810
Consists of:		
Compensation from 3rd parties (including insurance payouts)	-	32,905
Book value of assets disposed and compensated by 3rd parties (lost or damaged)	-	(9,095)
	-	**23,810**

17. Operating expenses

Operating expenses for the year is stated after accounting for the following:

Operating expenses		
Employee related costs (note 20)	41,097,076	35,167,650
General expenses (note 19)	12,088,553	11,076,676
Depreciation and amortisation	589,334	903,143
Loss on disposal of assets	88,702	-
	53,863,665	**47,147,469**

Loss on disposal of assets consits of the following:		
Book value of other assets disposed (donated or scrapped)	(88,702)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

18. Investment revenue

Dividend revenue		
Listed financial assets - Local	5,158	5,742
Interest revenue		
Bank	882,204	361,073
Interest on deposit	9,359	20,026
	891,563	**381,099**
	896,721	**386,841**

19. General expenses

Advertising	213,872	35,138
Auditors' remuneration	863,096	987,373
Bank charges	15,552	16,399
Cleaning	81,537	78,590
Computer expenses	9,282	20,734
Consulting and professional fees	1,898,205	1,116,980
Hire	38,930	92,812
Insurance	267,104	156,945
Lease rentals on operating lease	3,680,159	2,750,051
Postage and courier	570	881
Printing and stationery	12,509	62,601
Repairs and maintenance	12,441	16,792
Security	378,442	360,801
Subscriptions and membership fees	1,618,465	1,672,931
Telephone and fax	417,328	305,975
Travel, workshop and accommodation	527,786	1,989,884
Utilities	469,100	425,767
General expenses	87,313	97,850
Publications	621,976	245,719
Board fees	874,886	642,453
	12,088,553	**11,076,676**

20. Employee related costs

Basic	35,392,945	31,678,466
Performance bonus	4,343,764	2,180,002
UIF	153,780	148,869
Group life insurance	874,055	782,218
Compensation commissioner	53,280	63,864
Staff training	279,252	314,231
	41,097,076	**35,167,650**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

21. Auditors' remuneration

Fees	863,096	987,373

22. Finance costs

Finance lease	12,698	28,523

23. Cash generated from operations

Surplus (deficit)	1,445,905	(633,846)
Adjustments for:		
Depreciation and amortisation	589,334	903,143
(Gain) loss on sale of assets and liabilities	88,702	(23,810)
Fair value adjustments	(18,138)	48,718
Movements in operating lease assets and accruals	336,980	(128,606)
Changes in working capital:		
Receivables from exchange transactions	(24,821)	(74,193)
Prepayments	(689,571)	31,190
Rental deposit	(9,359)	(20,026)
Payables from exchange transactions	(135,453)	(442,668)
Funds to be surrendered	10,904,820	4,809,717
	12,488,399	**4,469,619**

24. Commitments

Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	3,132,195	3,343,179
- in second to fifth year inclusive	9,357,265	12,489,460
	12,489,460	**15,832,639**
The total future minimum sublease payment expected to be received under noncancellable sublease	3,680,159	2,750,051

Operating lease payments represent rentals payable by the entity for its office accommodation. Leases are negotiated for an average term of five years. No contingent rent is payable. Rental escalates by 6.5% (2019: 8%) annually on 1 December each year. The lease agreement includes a renewable option of 5 years. The rental agreement was scheduled to terminate on 30 November 2019 however was subsequently extended for 5 years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

24. Commitments (continued)

Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment (computer equipment)	*5,550,084*	*100,190*
• Intangible assets - computer software	*2,770,618*	*249,000*
• Intangible assets - right of use leasehold improvements	*91,131*	-
	8,411,833	***349,190***
Total capital commitments		
Already contracted for but not provided for	*8,411,833*	*349,190*
Authorised operational expenditure		
Already contracted for but not provided for - budgeted for in current financial year		
• Professional fees	*355,420*	*538,873*
• Publications	*460*	*366,053*
• Stationery	*12,509*	-
• Travel, workshop and accommodation	*88,888*	-
• Advertising	*2,670*	-
• Subscriptions	*77,058*	-
• Subscriptions (non-current)	*110,081*	*50,600*
• Repairs	-	*2,024*
	647,086	***957,550***
Already contracted for but not provided for - budgeted for in subsequent years		
• Subscriptions	*323,466*	*237,292*
• General	-	*70,304*
	323,466	***307,596***
Total operational commitments		
Already contracted for but not provided for - budgeted for in current financial year	*647,086*	*957,550*
Already contracted for but not provided for - budgeted for in subsequent financial years	*323,466*	*307,596*
	970,552	***1,265,146***
Total commitments		
Authorised capital expenditure	*8,411,833*	*349,190*
Authorised operational expenditure	*970,552*	*1,265,146*
	9,382,385	***1,614,336***

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

25. Related parties

Relationships

Prescribed officers and members of key management	Refer to note 26
Government department - controlling department	Eastern Cape Office of the Premier
Provincial Department	Eastern Cape Provincial Treasury
Provincial Public Entity	East London Industrial Development Zone (ELIDZ)

Related party balances

Amounts included in Receivables (Payables) regarding related parties		
Eastern Cape Office of the Premier	*59,221*	*73,815*
B. Mhlaba	-	*(73,815)*

Mr B. Mhlaba, a member of key management, has been seconded to Eastern Cape Office of the Premier from 1 June 2019. At year end the amount above is owed to Mr B. Mhlaba for subsistence and travel. In terms of the agreement ECSECC is to pay the amount to him and are to be reimbursed by the Eastern Cape Office of the Premier.

Related party transactions

Government grant		
Eastern Cape Office of the Premier	*67,679,500*	*50,045,000*
Eastern Cape Office of the Premier - surrendered funds	*(2,961,340)*	-
Secondment of employee to:		
Eastern Cape Provincial Treasury	-	*186,153*
Eastern Cape Office of the Premier	*1,116,354*	*1,489,928*

Mr B. Mhlaba has been seconded to the Eastern Cape Provincial Treasury for the period 28 May 2018 - 31 May 2019. He was then seconded to the Eastern Cape Office of the Premier from 1 June 2019 - 9 November 2020. ECSECC has been reimbursed for a portion of the salary of the employee also refer to note 26.

During the year ECSECC entered into procurement transactions with ELIDZ at arms length. These transactions included services for Cloud hosting and provision of a disaster recovery site. The terms and conditions of the agreement are within what is reasonable expected to any customer and are within the normal operating parameters of the ELIDZ.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

26. Member's and prescribed officer's emoluments

Executive

2021	Basic salary	Other Short-term Benefits/ Allowances	Bonuses	Total
Chief Executive Officer: L. Mosana	1,715,488	37,927	308,467	2,061,882
Chief Financial Officer: A. Zinja (1 April - 31 October 2020)	871,007	161,684	261,046	1,293,737
J. Leach (Acting CFO from 1 November 2020 - 31 March 2021)	455,063	102,954	190,920	748,937
	3,041,558	**302,565**	**760,433**	**4,104,556**

2020	Basic salary	Other Short-term Benefits/ Allowances	Bonuses	Total
Chief Executive Officer: L. Mosana	1,715,487	46,700	161,214	1,923,401
Chief Financial Officer: A. Zinja	1,454,665	99,821	109,144	1,663,630
	3,170,152	**146,521**	**270,358**	**3,587,031**

Service contracts

The executive directors are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. None of these service contracts exceed 5 years.

Service contract: Chief Executive Officer: L. Mosana

- Start date: 01 April 2018

- End date : 31 March 2023

Service contract: Chief Financial Officer: A. Zinja

- Start date: 01 July 2015

- Resigned 31 October 2020.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

26. Member's and prescribed officer's emoluments (continued)

Non-executive

2021		Members' fees	Total
Z. Tini	Re-appointed 29 October 2020	78,800	78,800
P. Ndendela	Re-appointed 29 October 2020	65,400	65,400
R. Moodley	Re-appointed 29 October 2020	106,400	106,400
L. Holbrook	Re-appointed 29 October 2020	72,200	72,200
S. Gqegqe	Re-appointed 29 October 2020	88,116	88,116
M. Maleki	Re-appointed 29 October 2020	49,400	49,400
T. Kunene	Re-appointed 29 October 2020	40,570	40,570
D. Xotyeni	Re-appointed 29 October 2020	49,400	49,400
N. Mona	Re-appointed 29 October 2020	38,000	38,000
N. Monde	Resigned 29 October 2020	15,200	15,200
M. Simatele	Appointed 29 October 2020	38,000	38,000
L. Jack	Re-appointed 29 October 2020	60,800	60,800
M. Koyo	Re-appointed 29 October 2020	15,200	15,200
		717,486	**717,486**

2020		Members' fees	Total
Z. Tini	Re-appointed 29 August 2019	51,751	51,751
P. Ndendela	Re-appointed 29 August 2019	51,894	51,894
R. Moodley	Re-appointed 29 August 2019	76,846	76,846
L. Holbrook	Re-appointed 29 August 2019	42,368	42,368
S. Gqegqe	Appointed 30 May 2019	61,480	61,480
M. Maleki	Appointed 29 August 2019	22,898	22,898
T. Kunene	Re-appointed 29 August 2019	32,757	32,757
D. Xotyeni	Re-appointed 29 August 2019	46,461	46,461
N. Mona	Appointed 29 August 2019	7,600	7,600
N. Monde	Re-appointed 29 August 2019	41,833	41,833
X. Malamlela	Resigned 30 May 2019	3,800	3,800
L. Jack	Re-appointed 29 August 2019	38,000	38,000
M. Koyo	Re-appointed 29 August 2019	26,765	26,765
		504,453	**504,453**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

26. Member's and prescribed officer's emoluments (continued)

Audit, Risk and ICT Committee

2021	Members' fees	Total
L. Smith	*35,600*	*35,600*
C. Sparg	*30,600*	*30,600*
N. Ravgee	*26,600*	*26,600*
W. Dukuza	*26,600*	*26,600*
B. Bothma	*38,000*	*38,000*
	157,400	***157,400***

2020	Members' fees	Total
L. Smith	*31,600*	*31,600*
C. Sparg	*22,800*	*22,800*
N. Ravgee	*15,200*	*15,200*
W. Dukuza	*30,400*	*30,400*
B. Bothma	*38,000*	*38,000*
	138,000	***138,000***

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

26. Member's and prescribed officer's emoluments (continued)

Key Management Personnel

2021	Position	Service Period	Basic Salary	Other Short-term Benefits/ Allowances	Bonus	Total
N. Shenxane	Human Resources Manager	1 April 2020 - 31 March 2021	*1,166,805*	*18,000*	*125,010*	*1,309,815*
V. Dayile	ECAC Programme Manager	1 April 2020 - 31 March 2021	*1,293,410*	*18,000*	*167,713*	*1,479,123*
B. Mhlaba	Governance and Planning Support	1 April 2020 - 31 March 2021	*1,462,971*	*319,745*	*-*	*1,782,716*
	Acting PMO Head	16 November 2020 - 31 March 2021				
	Seconded to EC Office of the Premier	1 April 2020 - 9 November 2020	*(891,300)*	*(225,054)*	*-*	*(1,116,354)*
S. Hesjedal	Chief Knowledge and Operations Officer	1 April 2020 - 31 March 2021	*1,334,203*	*18,000*	*181,458*	*1,533,661*
C. Motsilili	Acting Governance and Planning Support Programme Manager	1 April 2020 - 31 March 2021	*1,295,422*	*167,364*	*176,176*	*1,638,962*
T. Qholosha	Acting	1 April 2020 - 31 August 2020	*1,225,342*	*180,023*	*152,479*	*1,557,844*
	Appointed Economic Governance and Human Resource Development Programme Manager	21 September 2020 - 31 March 2021				
			6,886,853	***496,078***	***802,836***	***8,185,767***

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

26. Member's and prescribed officer's emoluments (continued)

Key Management Personnel

2020	Position	Service Period	Basic Salary	Other Short-term Benefits/ Allowances	Bonus	Total
N. Shenxane	Human Resources Manager	1 April 2019 - 31 March 2020	743,444	13,957	67,201	824,602
V. Dayile	ECAC Programme Manager	1 April 2019 - 31 March 2020	1,199,733	48,366	112,695	1,360,794
S. Hesjedal	Chief Knowledge and Operations Officer	1 April 2019 - 31 March 2020	1,297,912	13,869	97,545	1,409,326
C. Motsilili	Acting Strategic and Infrastructure	1April 2019 - 31 March 2020	1,260,188	178,417	94,706	1,533,311
T. Qholosha	Governance Programme Manager Acting HRD and Economic	1 April 2019 - 31 March 2020	1,090,920	155,835	61,475	1,308,230
	Governance Programme Manager					
B. Mhlaba	Strategic and Infrastructure Governance Programme Manager	1 April 2019 - 31 March 2020	1,416,932	313,179	-	1,730,111
	Seconded to PT	1 April 2019 - 31 May 2019	(186,153)	-	-	(186,153)
	Seconded to OTP	30 June 2019 - 31 March 2020	(1,191,989)	(297,939)	-	(1,489,928)
			5,630,987	**425,684**	**433,622**	**6,490,293**

Key management personnel are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives. None of these service contracts exceed 5 years.

Summary

	2021	2020
Executive directors	4,104,556	3,587,031
Key management personnel	8,185,767	6,490,293
Other employees	28,806,753	25,090,326
	41,097,076	**35,167,650**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

27. Risk Management Capital risk management

Capital risk management

The entity is solely dependant on the grant from the Eastern Cape Office of the Premier.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. Cash flow forecasts are prepared and monitored. The entity manages liquidity risk through an ongoing review of future commitments against allocated future budgets.

A maturity analysis of the financial liabilities reflects the contractual maturities of financial liabilities due within one year and include Trade and other payables as disclosed in note 11 and the maturity of the Finance lease obligation as disclosed in note 10.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing.

Receivables from exchange transactions relate to dividends receivable from the Sanlam Ltd. Management evaluated the credit risk relating to debtors on an ongoing basis. The credit risk on these are rated as low.

The entity's maximum exposure to credit risk is equal to the cost amount of the financial asset at balance sheet date as disclosed in note 15.

Interest rate risk

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

28. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure identified	*9,096*	*12,593*
Recovered	-	*(6,119)*
Closing balance	***9,096***	***6,474***
Expenditure identified in the current year include those listed below:		
Travel, workshop and accommodation	*9,096*	*12,593*

2021:

There were four instances identified: (1) missed flight; (2) non collection of hired vehicle; (3) missed accommodation and (4) forced cancellation of car hire. These transactions were confirmed to be fruitless and wasteful after the investigation by the Prohibited Expenditure Committee on 5 May 2021. As this relates to transactions at year end, they are reflected above. The committee has made recommendations to the CEO based on investigation to either recover or write off these amounts. This process has not yet been concluded and no disciplinary steps have been taken at this time.

2020:

There were three instances identified: (1) and (2) missed workshop training; and (3) error on air ticket purchased. These transactions were confirmed to be fruitless and wasteful after the investigation by the Prohibited Expenditure Committee on 26 May 2020. As this relates to transactions at year end, they are reflected above. The committee has made recommendations to the CEO based on investigation to either recover or write off these amounts as indicated below.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

28. Fruitless and wasteful expenditure (continued)

Amounts recoverable/recovered

After the committee investigations, the Chief Executive Officer adopted the committee recommendations to recover an amount of R6 119 from the official as it was proven without reasonable doubt that the official was negligent.

Travel, workshop and accommodation	-	*6,119*

Amounts to be written-off

After the committee investigations, the Chief Executive Officer adopted the committee recommendations to write-off an amount of the part of the officials.

Condoned by Chief Executive Officer

Travel, workshop and accommodation	-	*6,474*

29. Change in estimate

Property, plant and equipment

The useful life of the certain classes of asses was revised during the year and extended. In the current period management has revised their estimate to reflect a remaining useful life of 5 years. The effect of this revision has decreased the depreciation charges per year for the current and subsequent years by R46 785 for Office equipment; R27 860 for Furniture and fittings and R335 429 for computer equipment.

Revenue from exchange transactions

During the year the timeframe's of delivery on the OR Tambo District Municipality and the Ntabankulu Service Level Agreements were amended. Revenue has been recognised on a straight line basis over the period of the agreement. Due to the change in timeframe's, the estimate of revenue to be recognised has changed. In the current period revenue to be recognised has decreased by R150 000 and R186 883 respectively and is to be recognised in the next financial year.

30. Contingencies

In terms of ECSECC's Performance Management and Development System policy the payment of performance bonuses is subject to the availability of budget as well as approval at the discretion of the Board of Directors. There is no employee entitlement to a performance bonus under policy or contract. The approval by the Board of Directors has not been made at 31 March. As such ECSECC has a possible obligation for the payment of 2020/21 (2019/20) performance bonuses which will be confirmed by the approval by the Board of Directors. The amount is estimated at R2 476 873 (2020: R2 283 601).

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2021	2020
Revenue			
Revenue from exchange transactions			
Rendering of services		*594,069*	*944,930*
Interest received - investment	18	*891,563*	*381,099*
Gain on disposal of assets and liabilities		-	*23,810*
Fair value adjustments		*18,138*	-
Dividends received	18	*5,158*	*5,742*
Total revenue from exchange transactions		***1,508,928***	***1,355,581***
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	15	*53,813,340*	*45,235,283*
Total revenue		*55,322,268*	*46,590,864*
Expenditure			
Employee-related costs	20	*(41,097,076)*	*(35,167,650)*
Depreciation and amortisation		*(589,334)*	*(903,143)*
Finance costs	22	*(12,698)*	*(28,523)*
Loss on disposal of assets and liabilities		*(88,702)*	-
Fair value adjustments		-	*(48,718)*
General expenses	19	*(12,088,553)*	*(11,076,676)*
Total expenditure		*(53,876,363)*	*(47,224,710)*
Surplus (deficit) for the year		*1,445,905*	*(633,846)*

ecsecc
eastern cape socio economic consultative council

12 Gloucester Road, Vincent, East London, 5217
Postnet Vincent, Private Bag X9063, Suite No. 302, Vincent, 5247

T: +27 (0)43 701 3400 F: +27 (0)43 701 3415
E: info@ecsecc.org W: www.ecsecc.org

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Province of the
EASTERN CAPE
OFFICE OF THE PREMIER