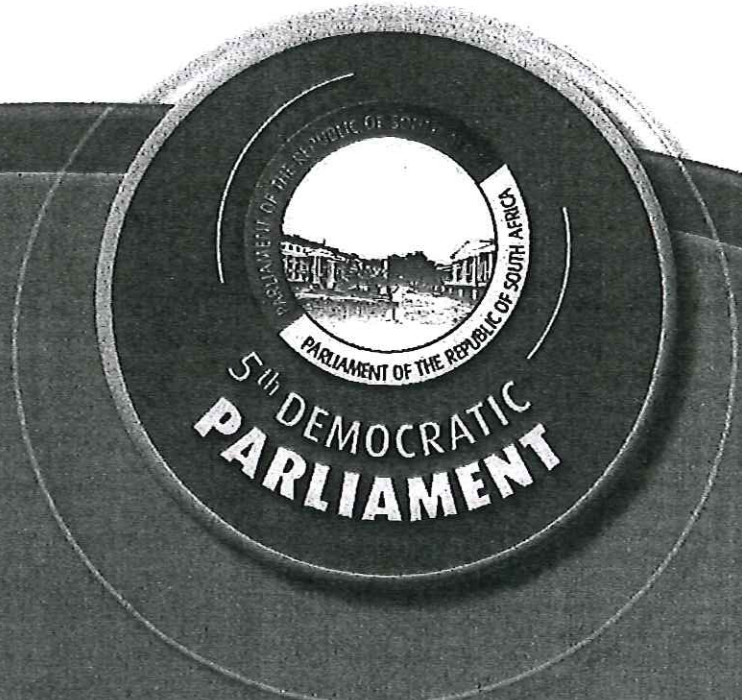


17/02/18 J.C. Finance



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA



**ANNUAL REPORT 2016/17**

**Highlights**

**OCTOBER 2017**



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

PART 1

# STRATEGIC OUTCOME-ORIENTED GOALS



PARLIAMENT  
OF THE REPUBLIC OF UGANDA

# 5TH PARLIAMENT STRATEGIC PRIORITIES

**Parliament identified the following six (6) strategic outcome-oriented goals in its Strategic Plan for the 5th Democratic Parliament 2014 - 2019:**

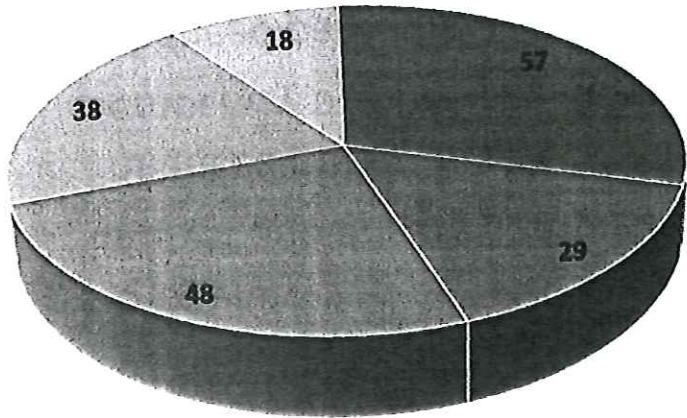
- Enhance parliament's oversight and accountability over the work of the executive to ensure implementation of the objectives of the medium-term strategic framework (MTSF) 2014-2019;
- Co-operate and collaborate with other spheres of government on matters of common interest and ensure co-operative and sound intergovernmental relations;
- Enhanced public involvement in the processes of Parliament to realise participatory democracy through the implementation of the public involvement model by 2019;
- Enhanced parliamentary international engagement and co-operation;
- Enhanced ability of Parliament to exercise its legislative power through consolidation and implementation of integrated legislative processes by 2019 in order to fulfil its constitutional responsibility;
- Build a capable and productive parliamentary service that delivers enhanced support to Members of Parliament in order that they may efficiently fulfil their constitutional functions.



PARLIAMENT  
OF THE REPUBLIC OF KENYA

# OVERSIGHT AND ACCOUNTABILITY

## Committee Oversight Work



- Oversight Visit Reports
- Quarterly Performance Oversight Reports
- Strategic Plan Analysis Reports
- Annual Performance Oversight Reports
- Statutory Appointment Reports



380  
Member  
Statements  
on Matters  
of Public  
Interest



119  
Ministerial  
Responses



NA Oral  
Questions:  
410

NCOP Written  
Questions:  
248

Questions  
as  
Oversight  
Mechanism

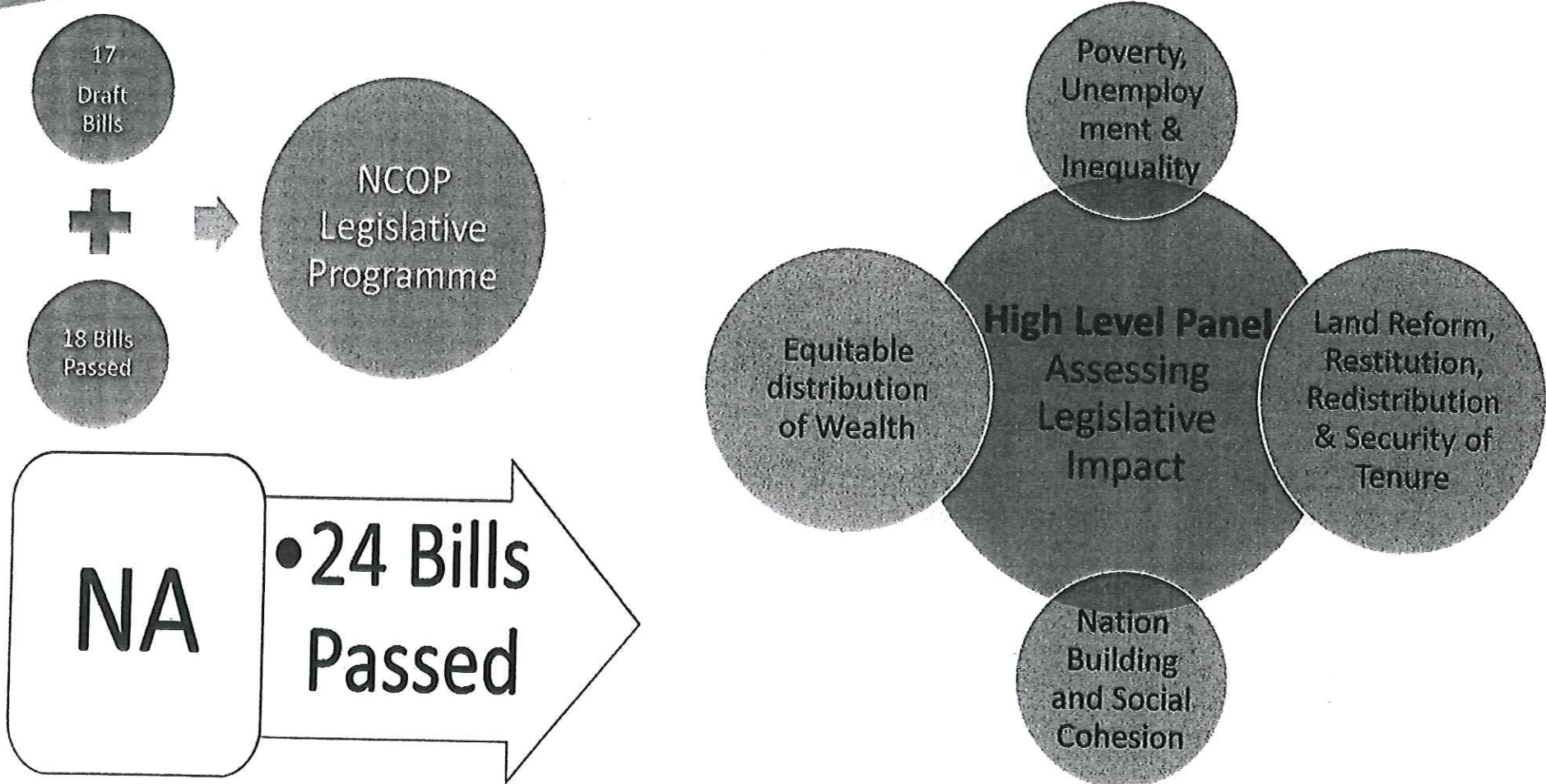
NA Written  
Questions:  
2760

NCOP Oral  
Questions:  
212



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# LEGISLATION AND POLICY MAKING





PARLIAMENT  
of the Republic of South Africa

# HLP: Public Engagements Convened

**QUARTER 1:**

- HLP determined its public engagement processes

**QUARTER 2:**

- Eastern Cape; &
- Northern Cape

**QUARTER 3:**

- Free State
- Gauteng
- KwaZulu Natal; and
- Western Cape

**QUARTER 4:**

- Mpumalanga
- North West
- Limpopo

Parliament continued to provide support to enable the independent High Level Panel on the impact assessment of legislation passed since 1994 to conduct its work. The public engagements comprised of an average of 500 to 700 participants per province, and served a mechanism for the HLP to engage with citizens to execute its mandate – assess the impact of legislation passed since 1994 covering the following thematic areas:

- The Triple Challenges of Poverty, Unemployment and Inequality;
- The Creation of an Equitable distribution of Wealth;
- Land Reform, Restitution, Redistribution and Security of Tenure; and
- Nation Building and Social Cohesion.

In addition to the public hearings, the HLP executes its mandate through other processes such as amongst others: calls for submissions from the public; roundtable discussions/workshops; and commissioned research.



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# PUBLIC PARTICIPATION

## Level 4: Partner

6 300 citizens mobilised for High-Level Panel Assessing Legislative Impact)

## Level 3: Involve

22 Committee Public Engagement Reports

## Level 2: Consult

6 Agency & Board appointments on public recommendation

## Level 1: Inform

2 656 Visitors

17 media briefings

1 420 201

Unique website visitors

1 395 788

YouTube channel views

*increased public platforms*

350 000

Twitter followers

36 612

Increase in Facebook likes

1 772

Parliamentary TV Broadcast Programmes

**Public Processes on Appointments to Statutory Bodies (Recommendations by the public)**

South African Human Rights Commission

Public Service Commission

National Youth Development Agency

The Public Protector

Inspector-General of Intelligence



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# COOPERATIVE GOVERNMENT

Public  
Participation  
Framework

Joint Sectoral  
Parliament  
Projects

Sector  
strategic  
framework  
Implemented

Draft FMPPLA  
Regulations

Parliamentary  
Institute

100%  
Sector  
Support

Speakers'  
Forum  
Resolutions  
Actioned

SALSA  
Resolutions  
Actioned

Formalisation of the  
**Legislative Sector Bill**





PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# INTERNATIONAL PARTICIPATION

## Engagement Platforms

60<sup>th</sup> Session of the UN Commission on the Status of Women

62nd CPA International

BRICS Parliamentary Cooperation on the implementation of the SDGs

40<sup>th</sup> SADC-PF Plenary Assembly

40<sup>th</sup> SADC-PF Plenary Assembly

135<sup>th</sup> Inter-Parliamentary Union assembly

37<sup>th</sup> IPU Session - Parliamentary Conference on the WTO

43<sup>rd</sup> Session of the ACP Parliamentary Assembly

SADC-PF Executive Committee

PAP Ordinary Session

COP22 & UN Climate Change Conference

*with federal & bilateral engagements*





PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# CAPABLE PARLIAMENTARY SERVICE

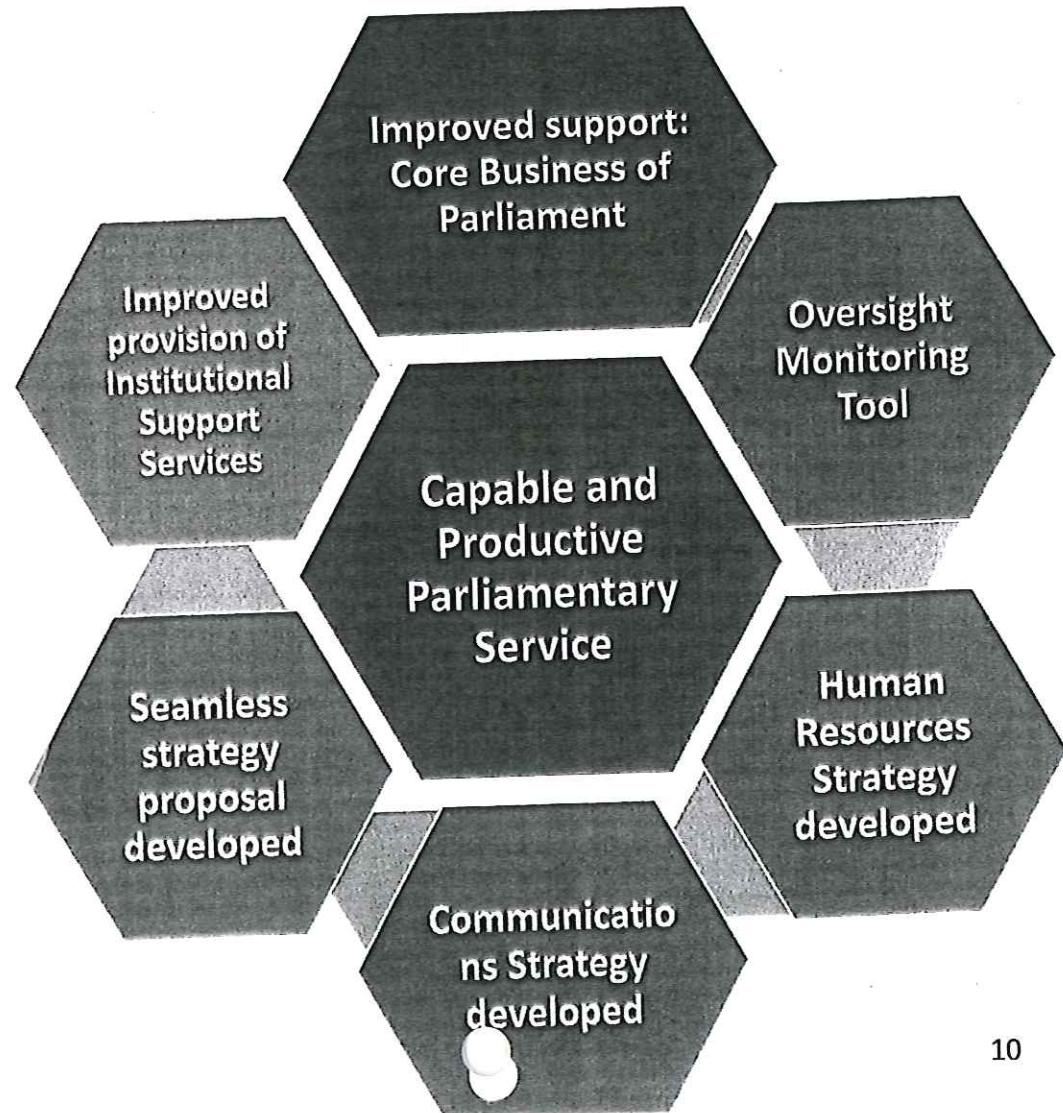
Increase in  
Performance

**2016/17**

49%  
Targets  
Met

**2015/16**

45,45%  
Targets Met





PARLIAMENT  
OF LESOTHO

PART 2

# **PROGRAMME PERFORMANCE INFORMATION**



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

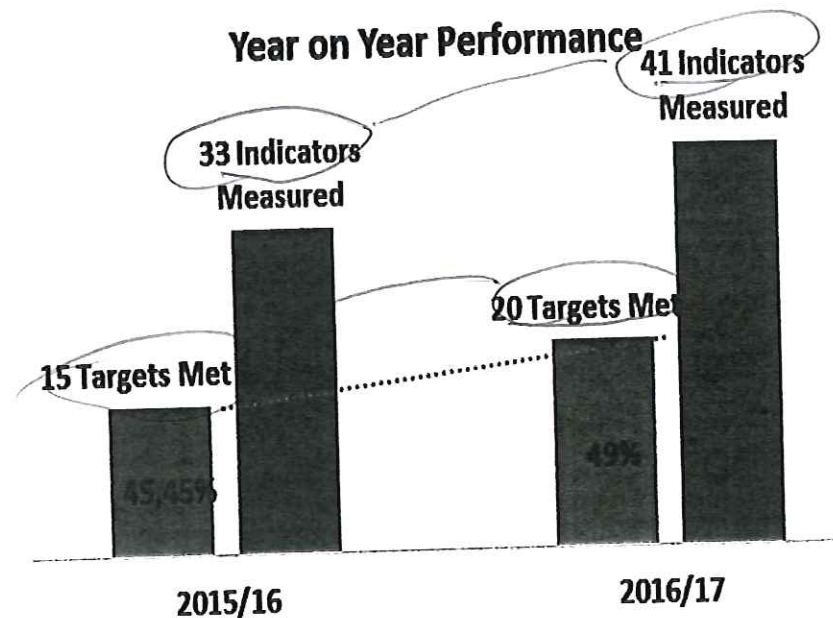
# Overall Institutional Performance Summary

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 20               | 21                   |

**Performance on Parliament's 41 indicators for the 2016/17 Annual Period is as follows:**

Twenty (20) Indicators met or exceeded their target  
 Twenty-one (21) Indicators did not meet their target  
 Reasons for variances under Programme performance.

## Year on Year Performance



Overall performance trend is positive. In the year under review with more indicators, targets met increased.



# Programme 1: Strategic Leadership and Governance

PARLIAMENT  
OF BOTSWANA

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 2                | 1                    |

**Performance on the 3 indicators for Programme 1 for the 2016/17 Annual Period is as follows:**

Two (2) Indicators met or exceeded their target  
One (1) Indicators did not meet their target

## Performance Highlights

- The PBO exceeded their target producing 23 analysis reports that were presented to the finance & Appropriations Committees in both Houses of Parliament.

*PBO = Parliamentary Budget Office*



PARLIAMENT  
of the Maldives

# Programme 1: Strategic Leadership and Governance

| Indicator target not achieved                          | Actual | Target | Variance | Reason for Variance and Mitigation   |
|--|--------|--------|----------|--|
| % of Governance documents tabled for referral (FMPPLA) | 4      | 19     | -79%     | Ineffective tabling process thus lead to late tabling of documents. A standard operating procedure was developed for the tabling of governance documents and improved performance was seen in the 4 <sup>th</sup> quarter. |



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Programme 2: Administration

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 4                | 1                    |

**Performance on the 5 indicators for Programme 2 for the 2016/17 Annual Period is as follows:**

**Four (4) Indicators met or exceeded their target**

**One (1) Indicators did not meet their target**

### Performance Highlights

- Four Members capacity building programmes were implemented. These include Graduate Certificate in Governance and Public Leadership, Masters in Management programme, University Postgraduate Short Learning Programme and an Executive Programme in Human Settlement.
- A project plan and business case for the Parliamentary Knowledge Institute was developed.
- An SA Legislative Sector Bill was drafted and tabled at SALSA and Speaker's forum.
- 100% implementation of SALSA and Speaker's forum resolutions.
- Cost savings of 1.02% of total operating budget was achieved through implementation of cost cutting and efficiency initiatives.



## Programme 2: Administration

| Indicator target not achieved                | Actual | Target | Variance | Reason for Variance and Mitigation  |
|--|--------|--------|----------|---|
| % compliance with prescripts and regulations | 6      | 10     | -40%     | Target was not met due to ineffective mechanisms for processing tenders and supplier payments. Mechanisms to improve turnaround times for processing tenders and payments are being put in place. |





PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Programme 3: Core Business

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 7                | 15                   |

**Performance on the 22 indicators for Programme 3 for the 2016/17 Annual Period is as follows:**

Seven (7) Indicators met or exceeded their target  
Fifteen (15) Indicators did not meet their target

### Performance Highlights

- Average turnaround times for the provision of procedural and legal advice, content advice, research products, minutes, reports and other information services have been trending in the right direction through the financial year .
- House Papers, Legal Advice, Procedural Advice, Policy Advice, Research and PAIA requests are at 100% performance.
- Revised Parliamentary Programme to give greater emphasis to Oversight and Accountability.
- Improved facilitation of Public Participation through Sectoral Parliaments, Taking Parliament to the People and High Level Panel.
- Emphasis on improving Law-Making capacity of Parliament through implementation of a legislative model and the work of the HLP.



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Programme 3: Core Business

| Indicator target not achieved                         | Actual | Target | Variance | Reason for Variance and Mitigation   |
|---|--------|--------|----------|--|
| % Policy Advice within 7 day average                  | 91     | 91     | NA       | This met. No evidence to prove that the policy advice was within 7 days. Internal controls and tracking of evidence to be strengthened.  |
| % Information requests within time allocated          | 555    | 729    | -24%     | Unavailability of information due to inactive databases. Alternate sources of information needed to be used. Document management controls to be strengthened.                    |
| % minutes within 3 days                               | 1251   | 1498   | -16%     | Capacity constraints and ineffective monitoring. A broader capacity plan and effective performance management will be put in place.  |
| % reports within 8 days                               | 316    | 345    | -10%     | Capacity constraints and ineffective monitoring. A broader capacity plan and effective performance management will be put in place.  |
| % Hansard report within 5 days                        | 127    | 133    | -4.5%    | Weaknesses in coordination, staff leave. Management processes being put in place to ensure business continuity.  |
| % Interpretation available                            | 105    | 133    | -21%     | Staff capacity, leave, weaknesses in coordination. Management processes being put in place to ensure business continuity. Rapid access to freelance interpreters as contingency. |
| % translations within agreed timeframes               | 6726   | 6822   | -1%      | Capacity constraints and weakness in coordination. The mechanism for allocating work is to be refined.   |
| % Population participating in parliamentary processes | 8.7%   | 12.    | -3.8%    | The scope, research, design and sampling may have had an adverse impact on the result.   |



PARLIAMENT  
OF THE STATE OF QUEENSLAND

## Programme 3: Core Business

| Indicator target not achieved  | Actual  | Target              | Variance | Reason for Variance and Mitigation   |
|--|---|---------------------|----------|--|
| % International Parliamentary delegation reports submitted for consideration | 37  | 48                  | -23%     | Reports were prepared but not submitted to PGIR which was not sitting at the time. Reports will be submitted to PGIR when it sits.   |
| % International agreements analysed  | 13  | 18                  | -28%     | Inadequate internal controls within IRPD which will be strengthened.   |
| % Adherence to State Protocol  | 6   | 16                  | -62%     | Approach on reporting on the provision of protocol services impacted reported performance. Methodology of reporting is being firmed up   |
| Phase of Public Participation Model Implemented                              | Implementation began in 4 <sup>th</sup> quarter | Model Implemented   | Not met  | Lack of alignment of work done and the APP. This model is to be replaced in the 5yr Strategy Plan and APP with a Public Involvement Index indicator.                                     |
| Phase of Oversight Mechanism model implemented                               | Draft Mechanism developed                       | Mechanism developed | Not met  | Lack of alignment of work done and the APP. This model is to be replaced in the 5yr Strategy Plan and APP with an Accountability Index indicator   |
| Phase of Legislative Model implementation                                    | Draft model implemented                         | Model implemented   | Not met  | Lack of alignment of work done and the APP. This model is to be replaced in the 5yr Strategy Plan and APP with an Accountability Index indicator and Public Involvement Index indicator. |
| Phase of Oversight and Accountability Model Implemented                      | Refined model developed                         | Model implemented   | Not met  | Lack of alignment of work done and the APP. This model is to be replaced in the 5yr Strategy Plan and APP with an Accountability Index indicator and Public Involvement Index indicator. |

models



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Programme 4: Support Services

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 4                | 3                    |

**Performance on the 7 indicators for Programme 4 for the 2016/17 Annual Period is as follows:**

Four (4) Indicators met or exceeded their target  
Three (3) Indicators did not meet their target

### Performance Highlights

- Stakeholder engagement plan completed.
- Client satisfaction survey results at 71.5% which exceeded target by 1.5%.
- Institutional Survey conducted and Service Charter was reviewed.
- Comprehensive Communication Strategy was developed and approved by PCS.
- Universal access to mobile and web based platforms exceeded the agreed target by 3% in line with our objective of leveraging innovative technology in the work of Parliament.
- Centralised documentation management embedded and IT tools of trade reviewed and implemented.
- Fleet management policy developed by ISSD.
- A Talent Management Index was developed to measure our performance from a human resources dimension, and performance was above target in 2016/2017.



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Programme 4: Support Services

| Indicator target not achieved                               | Actual  | Target   | Variance | Reason for Variance and Mitigation   |
|---|---|--|----------|--|
| Progress on Implementation of a Stakeholder Management Plan | Stakeholder engagement plan completed                     | Finalise and implement stakeholder engagement plan | Not met  | Stakeholder engagement plan although complete had not been approved.   |
| Implement Comprehensive Communication Plan                  | Plan developed and approved but 2 milestones were not met | Implement comprehensive communications strategy    | Not met  | 2 milestones were not achieved. Senior PCS staff in quarter 4 reworked the plan to bring it back within appropriate timelines. |
| % of Population aware of the business of parliament         | 9.75%   | 10.75%   | -1%      | Although short of target the result is still an increase from the previous survey done in 2015.                                |



PARLIAMENT  
OF SRI LANKA

## Programme 5: Associated Services

| Targets Achieved | Targets Not Achieved |
|------------------|----------------------|
| 1                | 0                    |

**Performance on the 1 indicators for Programme 5 for the 2016/17 Annual Period is as follows:**

One (1) Indicators met or exceeded their target  
Zero (0) Indicators did not meet their target

### Performance Highlights

- Integrated Seamless Services implemented by Member's Support Services.
- Member's handbook published.
- Turnaround times for reimbursing members claims was reduced.
- All transfers to political parties was in compliance with policy.



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# PART 3

# **ANNUAL FINANCIAL STATEMENTS**



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Financial Performance

- ❑ Parliament received clean audit report (*unqualified with no material findings on performance information and compliance with laws and regulations*) by the Auditor-General South Africa (AGSA) for the three consecutive years including 2016/17 financial year.
- ❑ The average payment days of invoices received from suppliers was 13 days.
- ❑ Parliament appointed a governance committee to ensure that irregular expenditure is correctly dealt with. Significant balance of irregular expenditure coming from previous years was condoned.





PARLIAMENT  
of the REPUBLIC of SOUTH AFRICA

# Financial Management

## Auditor General Audit Opinion



AUDITOR-GENERAL  
SOUTH AFRICA

## Auditor General Audit Opinion

2012/13

2013/14

2014/15

2015/16

2016/17

Unqualified Audit

Unqualified  
Audit

1<sup>st</sup> Clean Audit

2<sup>nd</sup> Clean Audit

3<sup>rd</sup> Clean Audit

*Non-compliance with laws specifically section 33(2)(e) of the FMPA:*

- Payments not made within 30 days of receipt of invoice.

*The financial statements submitted for audit not prepared in terms with GRAP:*

- Material misstatements on property, plant and equipment.

- Continuous monitoring the implementation of action plans.

- Adequate reviews on AFS before submission.

- Automate the invoice workflow

- Continuous monitoring the implementation of action plans.

- Adequate reviews on AFS before submission.

- Continuous monitoring the implementation of action plans.

- Adequate reviews on AFS before submission.

*Improvement in professionalising services from 2012/13 → 2016/17*

What we did to get to where we are

*Challenge = Sustaining clean audit report.*



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# Statement of Comparison of Budget and Actual Amounts

## Revenue

### Actual Revenue



- Annual Appropriation
- Statutory Appropriation

98% of Parliament's revenue is appropriated funds with only 2% coming from Departmental Receipts

| Description                           | Final Budget R'000 | Actual Amounts R'000 | Percentage Variance | Reason for variance  |
|---------------------------------------|--------------------|----------------------|---------------------|--|
| Annual Appropriation                  | 1,659,631          | 1,659,631            |                     |  |
| Statutory Appropriation               | 529,798            | 436,488              | -18%                | <ul style="list-style-type: none"> <li>➤ The base line for the compensation of members is historically overstated since the 2009/10 financial year, where many Members of Parliament were paid the loss of office gratuity after they lost their seats after the general elections.</li> <li>➤ The underspending has since been surrendered to the NRF in terms of section 23(4) of the FMPPLA.</li> </ul> |
| Departmental Receipts (Other Revenue) | 36,213             | 29,015               | -20%                | Decrease is attributed to the reduction in sales due to cost cutting measures by the Executive as well as less permit lost during the financial year.  |

In terms of section 16(2)(b) of the FMPPLA parliament's budget consists of statutory appropriation, donor funds and other revenue.



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# Statement of Comparison of Budget and Actual Amounts

## Expenditure

| Line Item  | Final Budget<br>R'000 | Actual Amounts<br>R'000 | Variance in<br>Amounts | Variance in<br>percentage |
|--|-----------------------|-------------------------|------------------------|---------------------------|
| Compensation of employees                                | 778,816               | 880,992                 | -102,176               | -12%                      |
| Compensation of members                                  | 529,798               | 436,488                 | 93,310                 | 21%                       |
| Goods and services                                       | 482,629               | 430,650                 | 51,979                 | 12%                       |
| Transfer to non-profit organisations (Political Parties) | 394,428               | 403,264                 | -8,836                 | -2%                       |
| Acquisition of Property, plant and equipment             | 3,758                 | 22,118                  | -18,360                | -83%                      |
| Purchase of intangible assets                            | -                     | 2,004                   | -2004                  | -100%                     |



PARLIAMENT  
OF BOTSWANA

# Narrative on Expenditure Percentage Variance

## Expenditure

| Line Item                                    | % Variance | Reasons for variance   | Remedial Actions   |
|--|------------|--|--|
| Compensation of employees                    | -12%       | Parliament's budget for compensation of employees has always been less than the value of the filled positions and the shortfall is funded from unspent funds of the previous years which are not surrendered to the National Revenue Fund (NRF), in terms of section 23(1) of the FMPPLA.  | The Executive Authority has referred the under funding to the Minister of Finance for consideration of the baseline review in the next Medium Term Budget Policy Statement and the 2018/19 budget allocation.  |
| Compensation of members                      | 21%        | The base line for the compensation of members is historically overstated since the 2009/10 financial year, where many Members of Parliament were paid the loss of office gratuity after they lost their seats after the general elections.   | The underspending was surrendered to the NRF in terms of section 23(4) of the FMPPLA. The Executive Authority has referred the over allocation of the members Remuneration to the Minister of Finance for consideration and baseline review in the 2018/19 MTEF budget allocation. |
| Goods and services                           | 12%        | The variance on goods and services is a result of goods received or services rendered by service providers close to year end such as travelling, commemoration of the 20 years of Constitutional democracy and NCOP, etc. which were not paid by end of the financial year as well as the delay in the Back to Basics projects.  | The unspent funds will be available for use in the next financial year in terms of sections 16(2)(b) of the FMPPLA, and the Back to Basics project has started.  |
| Acquisition of Property, plant and equipment | -83%       | The budget for property, plant and equipment for the financial year was less than the required funds for capital expenditure. During the financial year Parliament purchased office furniture, office equipment, computer equipment and motor vehicles. The shortfall had to be funded from the unspent funds of the previous years which are not surrendered to the National Revenue Funds in terms of section 23(1) of the FMPPLA. | The Executive Authority has referred the under funding to the Minister of Finance for consideration of the baseline review in the next Medium Term Budget Policy Statement and the 2018/19 budget allocation.  |
| Purchase of intangible assets                |            | No budget was allocated to the purchase of intangible assets (computer software) and this was funded from unspent funds of the previous years which are not surrendered to the NRF, in terms of section 23(1) of the FMPPLA.   | The Executive Authority has referred the under funding to the Minister of Finance for consideration of the baseline review in the next Medium Term Budget Policy Statement and the 2018/19 budget allocation.  |

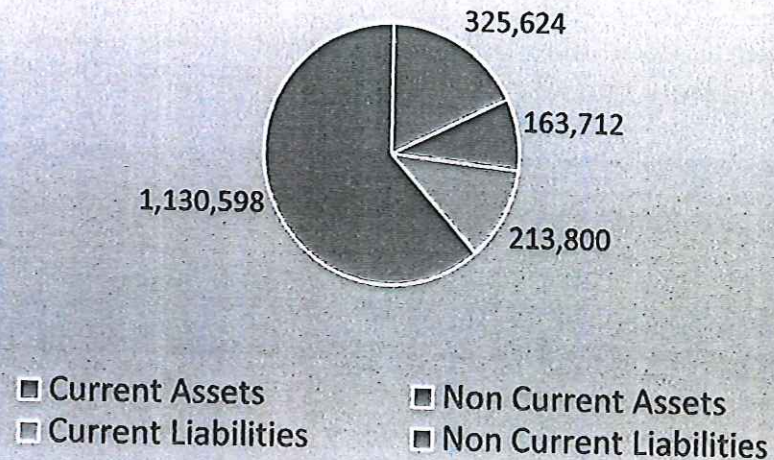


PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

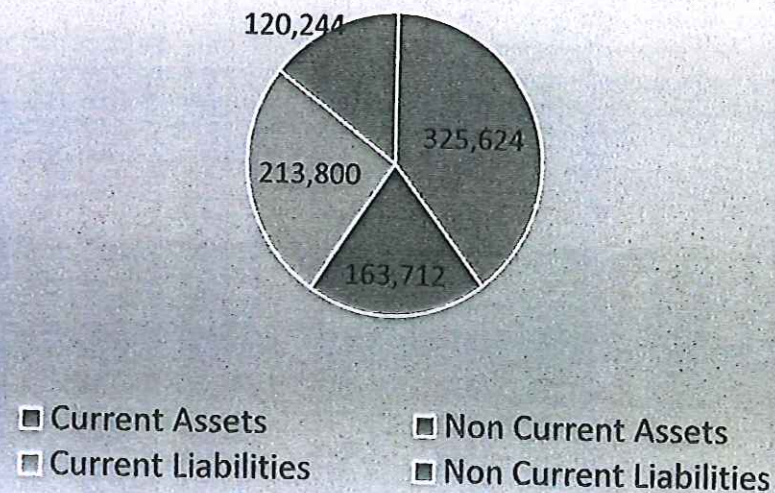
# Overview of Financial Position

- Parliament is in net liability amounting to (R855,062m), due to the post medical provision made, for the former members of Parliament and Provincial Legislatures.
- During 1999 Parliament approved that the medical aid contribution for former Members of Parliament and Provincial legislatures will be paid by Parliament. Presently there are 974 members who are receiving the subsidy.
- Parliament has written to National Treasury to take over the management and payment of post-retirement medical aid benefit for former Members of Parliament and Provincial Legislatures.
- Parliament's financial position without the post-retirement medical aid liability will be as per the second Pie chart, and will be in net asset position of R155,242m

### Financial Position '000



### Financial Position '000





PARLIAMENT  
OF SOUTH AFRICA

# Statement of Financial Position

2017

R'000

2016

R'000

## Inventories

635

969

Inventories refers to food and beverages sold at Parliament's restaurants and decreased by 34% compared to prior year due to less purchases of inventories informed by reductions in sales as a result of the cancellation of post-budget speeches catering by departments as part of the cost cutting measures implemented by the government.

The year end stock count was performed at year-end in order to ensure that inventory is reflected at correct values

## Receivables from non-exchange transactions

2 447

18 366

Receivables from non-exchange transactions consist of staff, members and former-members debts due to overpayment of salaries and benefits. Receivables from non-exchange transactions decreased by 87% due to the write off of the no work no pay debt in terms of the agreement between management and organised labour. The decrease is also as a result of enforcement of collection controls, the staff leaving Parliament are only paid at month end after deducting debts owed

Current assets



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# Statement of Financial Position

|  | 2017<br>R'000 | 2016<br>R'000 |
|--|---------------|---------------|
|--|---------------|---------------|

|   |              |              |
|---|--------------|--------------|
| <b>Receivables from exchange transactions</b> | <b>3 348</b> | <b>1 769</b> |
|---|--------------|--------------|

Receivables from exchange transactions refers to debts from sales, telephone use by political parties as well as accrued income (interest).

Receivables from exchange transactions increased by 89% due to increased catering sales during March 2017 which was not paid as at the end of the Financial Year. As a control measure Parliament does not provide catering to departments which has outstanding amount more than 30 days. Accrued interest also increased by 74% from R1,620m to R2,816m in 2016 and 2017 respectively.

|                    |              |              |
|--------------------|--------------|--------------|
| <b>Prepayments</b> | <b>7 546</b> | <b>6 713</b> |
|--------------------|--------------|--------------|

Prepayments relates payments made in advance before the services rendered or goods received and are not discounted as the goods and services are expected to be provided within the next financial year. Prepayments increased by 12% and is attributable to an increase in prepaid expenditure in relation to subscriptions that parliament subscribes to and membership and association fees.

Decrease in other prepayment expenses such as Department of International Relations and Co-operation due to improved co-operation between the two institutes. Subsistence and travel allowance ( S&T) as well as contingency paid have reduced due to improvement in controls wherein if supporting documents for contingencies are not submitted, the amounts are deducted from the employees' salaries

**Current assets**



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# Statement of Financial Position

2017  
R'000

2016  
R'000

|                             |           |           |
|-----------------------------|-----------|-----------|
| <b>Assets held for sale</b> | <b>43</b> | <b>43</b> |
|-----------------------------|-----------|-----------|

Non current assets are classified as held for sale if their carrying amount is to be recovered principally from a sale transaction, rather than through continuing use. These are non-current assets that have been identified to be sold at their approximate fair value in their present condition and the sale highly probable.

There is no movement as a result of the vehicle which was approved for disposal has not yet been sold at the end of the financial year

|                                  |                |                |
|----------------------------------|----------------|----------------|
| <b>Cash and cash equivalents</b> | <b>311 605</b> | <b>332 017</b> |
|----------------------------------|----------------|----------------|

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institution with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents decreased by 6% due to mainly the use of Parliament's retained earnings to fund its shortfall from the appropriation budgeted granted by National Treasury.

**Current assets**

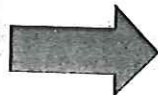




# Statement of Financial Position ...continuation

|  |              |              |
|--|--------------|--------------|
|  | <b>2017</b>  | <b>2016</b>  |
|  | <b>R'000</b> | <b>R'000</b> |

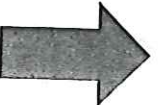
**Non-Current assets**



|  |               |                |
|--|---------------|----------------|
| <b>Property, plant and equipment (PPE)</b> | <b>93 292</b> | <b>106 192</b> |
|--|---------------|----------------|

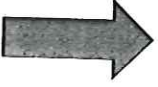
Property, Plant and Equipment consist of office equipment, computer equipment, furniture, motor vehicle and library books. PPE is measured at cost or fair value for donated assets less accumulated depreciation and impairment costs.

Additions for the financial year were less compared to prior financial year, which resulted in a decrease of 12% as compared to prior year as the assets were depreciated for the entire financial year. Depreciation is the allocation of the cost of over the useful life of assets, it is the benefit value enjoyed in the year from the use of the assets.



|                          |               |               |
|--------------------------|---------------|---------------|
| <b>Intangible assets</b> | <b>15 186</b> | <b>16 413</b> |
|--------------------------|---------------|---------------|

An intangible asset is an identifiable non-monetary asset without physical substance and consists of mainly software's used by Parliament. Additions for the financial year were less compared to prior financial year, which resulted in a decrease of 7% as compared to prior year as the assets amortised for the entire financial year. Amortisation is the allocation of the cost of over the useful life of the intangible assets, it is the benefit value enjoyed in the year from the use of the intangible assets.



|                        |               |               |
|------------------------|---------------|---------------|
| <b>Heritage assets</b> | <b>55 234</b> | <b>55 226</b> |
|------------------------|---------------|---------------|

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. Heritage assets are not depreciated and the R8 000 movement is additions for the year.



PARLIAMENT  
of the Republic of South Africa

## Statement of Financial Position ...continuation

|                                  | 2017       | 2016       |
|----------------------------------|------------|------------|
|                                  | R'000      | R'000      |
| <b>Finance lease obligations</b> | <b>184</b> | <b>449</b> |

Finance lease liability consists of the cell phone, tablets and modems contracts. The average lease term is 2 years. There is a decrease of 59% compared to previous financial year and this is due to the fact that some contracts have expired during the financial year.

|  |               |               |
|--|---------------|---------------|
| <b>Payables from exchange transactions</b> | <b>66 016</b> | <b>59 462</b> |
|--|---------------|---------------|

Payables from exchange transactions relates to payment to service providers for goods received and services rendered but not yet paid as at end of the reporting period.

There is an increase of 11% compared to previous financial year which is attributable to increase goods received or in services rendered by service providers close to year end such as purchase of motor vehicles, travelling, commemoration of the 20 years of Constitutional democracy and NCOP, etc. The average payment days for the year was 13 day from invoice receipt date.

**Current liabilities**



PARLIAMENT  
OF LESOTHO

# Statement of Financial Position ...continuation

**Current liabilities**

**2017**  
**R'000**

**2016**  
**R'000**

|                    |          |           |
|--------------------|----------|-----------|
| <b>VAT payable</b> | <b>5</b> | <b>27</b> |
|--------------------|----------|-----------|

The output VAT is charged for sales of catering at Parliament restaurants and claim the input VAT on the purchases of the stock for sale.

The decrease of 81% in VAT payables for this year as compared to last year is attributed to less sales as indicated under inventory above.

|  |               |               |
|--|---------------|---------------|
| <b>Payables from non-exchange transactions</b> | <b>54 285</b> | <b>43 587</b> |
|--|---------------|---------------|

- Payables from non exchange transactions relates to amounts owed to staff for items like leave days accrued to staff, staff salary savings for December period, overtime worked in March but paid in April and/or May 2017 and other employee related payables.
- There has been an increase of 25% in overall payables from non exchange, this is due mainly to more leave entitlement as compared to last financial year, 20,613 leave days were not taken as at 31 march 2017 compared to 17,162 days in March 2016. Staff will utilise their leave days relating to the 2016/17 financial year before end of October 2017, or the leave days will be forfeited.



PARLIAMENT  
REPUBLIC OF SOUTH AFRICA

# Statement of Financial Position ...continuation

2017  
R'000

2016  
R'000

93 310

62 836

## Unspent statutory appropriation

This relates to unspent direct charges which has been surrendered to the National Revenue Fund in terms of section 23 (4) of the FMPPLA.

The unspent statutory appropriations increased by an amount of R30,474m as result of the increase in the annual budget from R503,132m in 2015/16 to R529,798m in 2016/17 whereas Members' salaries were not increased for the 2016/17 financial year. The payment of loss of office gratuity also decreased from R6,978m paid during 2015/16 to R5,947 in 2016/17.

## Current employee benefits

0

21 298

The current employee benefit decreased by 100% due to the fact that performance bonus provision was not made for the 2016/17 financial year and the 2015/16 provision was also reversed in terms of the agreement between management and organised labour.

Current liabilities



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

# Statement of Financial Position...continuation

**Non-Current liabilities**

|                                    | 2017<br>R'000    | 2016<br>R'000    |
|------------------------------------|------------------|------------------|
| <b>Employee benefit obligation</b> | <b>1 130 548</b> | <b>1 326 303</b> |

## **Post-retirement medical aid plan**

**1 010 304      1 219 332**

The employee benefits relates to the post-retirement medical aid plan for all members and pensioners who belong to PARMED medical aid. The decrease is due to the reduction of continuation members after termination from 95% to 75% in terms of submissions from PARMED and the actuarial valuation.

Currently Parliament operates at a net liability position due to provisions for this plan. Engagements with National Treasury to take over the payment and provision for post-retirement medical aid benefits are still ongoing. Once National Treasury takes over this plan, Parliament will operate at net asset position.

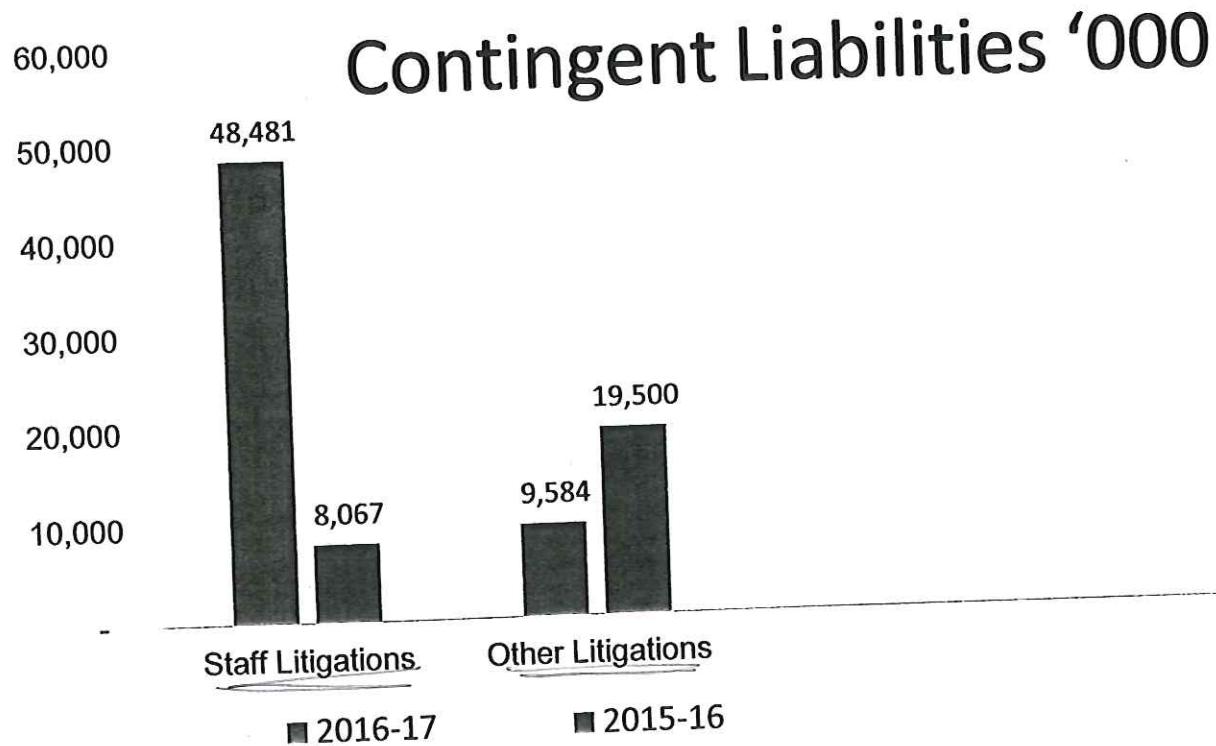
## **Members Gratuity**

**120 244      106 971**

The provision for members' gratuities is calculated for all current Members of Parliament with service exceeding five years assuming termination of service at the reporting date. It is calculated as 4 months pensionable salary for every five years in service and pro-rata share for less than five year period.



# DISCLOSURES



During the 2015/16 financial year the CCMA ruled in favour of Researchers and ordered Parliament to pay them an amount of R38m. Parliament has appealed the ruling in the labour court, as well as contingent liabilities relating to Protection services officers in the labour court. These resulted in staff litigations having increased by 501%. Other possible litigation against Parliament decreased by 51% due to the finalisation of cases against Parliament.

# Disclosures



PARLIAMENT  
OF THE REPUBLIC OF SOUTH AFRICA

## Irregular Expenditure

|                       | 2017<br>R'000 | 2016<br>R'000 |
|-----------------------|---------------|---------------|
| Irregular expenditure | 2 443         | 15 031        |

The irregular expenditure decreased by 84% and this is attributed to introduction of the Governance Assurance Committee which looks and non compliance cases, interrogate them and advise Secretary to Parliament of the actions to be taken.

Irregular expenditure amounting to R13,116m were condoned by the Executive Authority, and R192k relates to current financial year and R12,924m relates to previous years.

The following are controls put in place to prevent irregular expenditure:

- The Supply Chain Management (SCM) is centralized.
- Formal trainings are conducted in order to upskill officials and Bid Committees.
- Sampling of Purchase Orders raised to check and confirm compliance.



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## Disclosures

|  | 2017  | 2016  |
|--|-------|-------|
|  | R'000 | R'000 |

|   |              |            |
|---|--------------|------------|
| <b>Fruitless and wasteful expenditure</b> | <b>1 067</b> | <b>830</b> |
|---|--------------|------------|

**Fruitless and wasteful expenditure**

- Fruitless and wasteful expenditure increased by 29% and this is attributed to the loss of catering equipment.
- The Business unit has been requested to buy instead of hiring.
- The Business unit is to introduce policies and procedures to improve control measures.
- Fruitless and wasteful expenditure amounting to R18k were condoned by the Executive Authority, and R16k relates to current financial year and R2k relates to previous financial years.





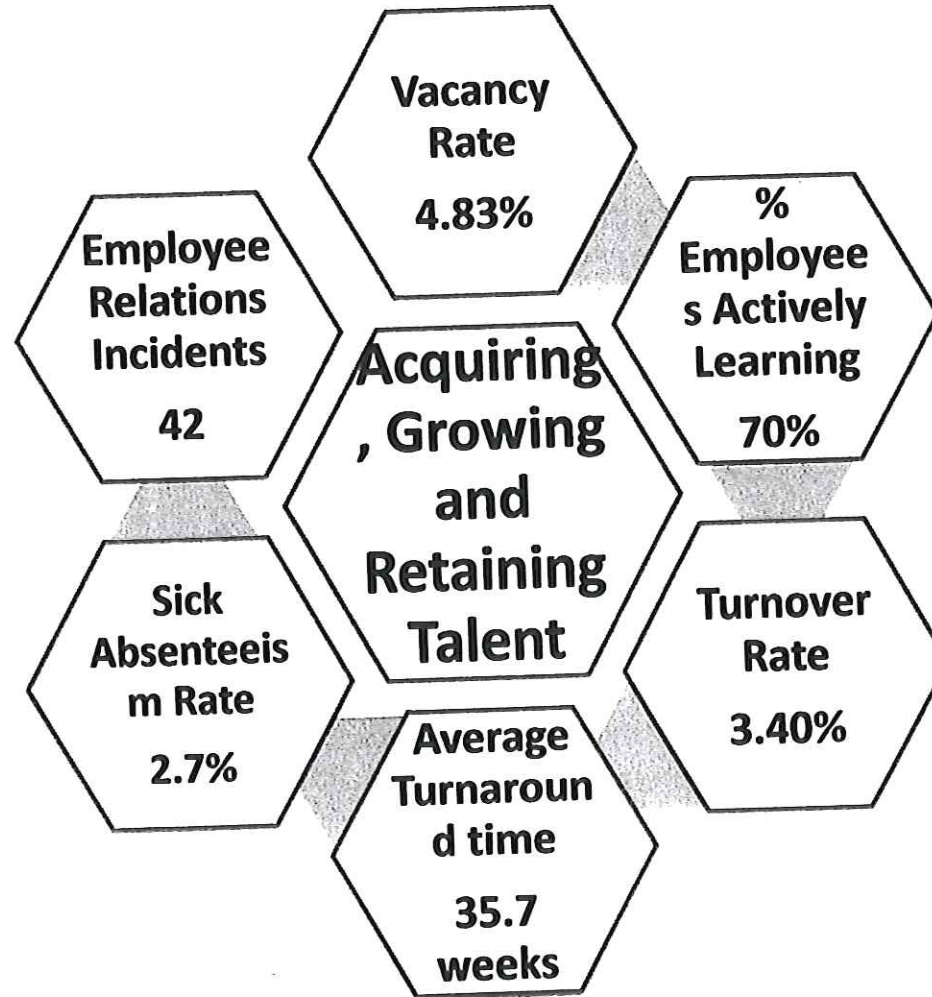
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PART 4

# HUMAN RESOURCE MANAGEMENT



# TALENT MANAGEMENT INDEX





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OF SOUTH AFRICA

# Personnel costs by salary band

| SALARY BAND  | Personnel Expenditure   | % of Total Personnel Cost | Total Employee | Average Personnel Cost Per Employee |
|--|-------------------------|---------------------------|----------------|-------------------------------------|
| Lower Skilled (Level A)  | R 35 074 320,67         | 4,30%                     | 127            | R 276 175,75                        |
| Skilled (Level B)  | R 91 458 345,50         | 11,21%                    | 274            | R 333 789,58                        |
| Highly Skilled Production (Level C)  | R 406 881 579,83        | 49,88%                    | 739            | R 550 584,01                        |
| Highly Skilled Supervision (Level D)<br><i>Researchers, Content Advisers, Librarians</i> | R 244 866 065,58        | 30,02%                    | 225            | R 1 088 293,62                      |
| Senior Management (Level E)  | R 32 724 899,00         | 4,01%                     | 23             | R 1 422 821,70                      |
| Top Management (Level F)   | R 4 719 501,00          | 0,58%                     | 2              | R 2 359 750,50                      |
| <b>Grand Total</b>   | <b>R 815 724 711,58</b> |                           | <b>1390</b>    | <b>R 586 852,31</b>                 |



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# Employment and vacancies by salary band

| <b>SALARY BAND</b>                   | <b>Number of Posts</b> | <b>Number of Posts Filled</b> | <b>Active Vacant</b> | <b>Frozen</b> | <b>Vacancy Rate</b> |
|--------------------------------------|------------------------|-------------------------------|----------------------|---------------|---------------------|
| Lower Skilled (Level A)              | 154                    | 118                           | 9                    | 27            | 0,65%               |
| Skilled (Level B)                    | 359                    | 266                           | 8                    | 85            | 0,58%               |
| Highly Skilled Production (Level C)  | 878                    | 702                           | 35                   | 141           | 2,52%               |
| Highly Skilled Supervision (Level D) | 291                    | 210                           | 14                   | 67            | 1,01%               |
| Senior Management (Level E)          | 29                     | 22                            | 1                    | 6             | 0,07%               |
| Top Management (Level F)             | 3                      | 2                             | 0                    | 1             | 0,00%               |
| <b>Grand Total</b>                   | <b>1714</b>            | <b>1320</b>                   | <b>67</b>            | <b>327</b>    | <b>4,83%</b>        |



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# Annual turnover rate by salary band

| SALARY BAND                          | Number of Employees per band as on 1 Apr 2016 / 17 | Resignations | Turnover Rate |
|--------------------------------------|--|--------------|---------------|
| Lower Skilled (Level A)              | 127  | 0            | 0,00%         |
| Skilled (Level B)                    | 273  | 3            | 1,10%         |
| Highly Skilled Production (Level C)  | 737  | 32           | 4,34%         |
| Highly Skilled Supervision (Level D) | 218  | 10           | 4,59%         |
| Senior Management (Level E)          | 19   | 1            | 5,26%         |
| Top Management (Level F)             | 2  | 0            | 0,00%         |
| <b>Grand Total</b>                   | <b>1376</b>  | <b>46</b>    | <b>3,34%</b>  |

Reasons provided in last meeting dealing with H& 45  
core business area; contracting



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# Employment Equity

| SALARY BAND                          | Female     |            |           |           | Male       |            |           |           | Grand Total |
|--------------------------------------|------------|------------|-----------|-----------|------------|------------|-----------|-----------|-------------|
|                                      | African    | Coloured   | Indian    | White     | African    | Coloured   | Indian    | White     |             |
| Lower Skilled (Level A)              | 23         | 53         | 0         |           | 4          | 31         | 0         | 4         | 127         |
| Skilled (Level B)                    | 84         | 46         | 3         | 4         | 57         | 60         | 4         | 15        | 273         |
| Highly Skilled Production (Level C)  | 259        | 116        | 4         | 40        | 221        | 68         | 8         | 21        | 737         |
| Highly Skilled Supervision (Level D) | 49         | 23         | 9         | 16        | 83         | 13         | 8         | 17        | 218         |
| Senior Management (Level E)          | 4          | 2          | 1         | 0         | 9          | 0          | 2         | 1         | 19          |
| Top Management (Level F)             | 1          | 0          | 0         | 0         | 1          | 0          | 0         | 0         | 2           |
| <b>Grand Total</b>                   | <b>420</b> | <b>240</b> | <b>17</b> | <b>72</b> | <b>375</b> | <b>172</b> | <b>22</b> | <b>58</b> | <b>1376</b> |
| Employees with Disability            | 0          | 1          | 0         | 1         | 4          | 1          | 1         | 1         | 9           |

These need to be looked at/briefed up.



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Thank you

