Table of Contents

[Introduction 4](#_Toc528678055)

[1. Review of non-financial performance 4](#_Toc528678056)

[1.1 Programme One: Strategic Leadership and Governance 4](#_Toc528678057)

[1.1(a) Governance schedule implemented 5](#_Toc528678058)

[1.1(b) Governance documents tabled for referral 5](#_Toc528678059)

[1.1( c ) Number of analytical report per year 5](#_Toc528678060)

[1.2 Programme Two: Administration 5](#_Toc528678061)

[1.2(a) Number of programmes implemented 5](#_Toc528678062)

[1.2(b) Completion rate 6](#_Toc528678063)

[1.2(C) Speakers forum and SALSA resolutions followed up and actioned 6](#_Toc528678064)

[1.2(d) Compliance with prescripts and regulations 6](#_Toc528678065)

[1.2(e) Governance documents submitted in compliance with the FMPPLA 6](#_Toc528678066)

[1.3 Programme 3: Core Business 6](#_Toc528678067)

[1.3(a) Service provision as per service charter 7](#_Toc528678068)

[1.3(b) House papers available on sitting days 7](#_Toc528678069)

[1.3 (c ) Procedural advice within 7days average 7](#_Toc528678070)

[A target set at 100 percent, and the actual performance fell at 99.89 percent below the target by 0.11 percent. No reasons given for falling short of the target by just 0.11 percent. 7](#_Toc528678071)

[1.3(d) Legal advice within 7 days average 7](#_Toc528678072)

[1.3(e) Policy advice within 7 days average 7](#_Toc528678073)

[1.3(f) Research within the time allocated 7](#_Toc528678074)

[1.3(g) Information requests within time allocated 7](#_Toc528678075)

[1.3(h) Minutes within 3 days 7](#_Toc528678076)

[1.3(i) Reports within 8 days 7](#_Toc528678077)

[1.3(j) Official report for the unrevised Hansard within 5 days 8](#_Toc528678078)

[1.3(k) Interpretation 8](#_Toc528678079)

[1.3(l) Translations within agreed time 8](#_Toc528678080)

[1.3(m) Documentation to responses of PAIA requests within the prescribed time 8](#_Toc528678081)

[1.3(n) OLOGB tracking published documents 8](#_Toc528678082)

[1.3(o) Population having access to participate in parliamentary processes 8](#_Toc528678083)

[1.3(p) Population participating in parliamentary processes 8](#_Toc528678084)

[1.4 Programme four: Support Services 8](#_Toc528678085)

[1.4(a) Client satisfaction level 9](#_Toc528678086)

[1.4(b) Population of those who are aware of the business of Parliament 9](#_Toc528678087)

[1.4 (c ) Universal access 9](#_Toc528678088)

[1.4(d) Client satisfaction level 9](#_Toc528678089)

[1.4(e ) Increase in talent management index 9](#_Toc528678090)

[1.5 Programme Five: Associated Services 9](#_Toc528678091)

[1.5(a) Phase of integrated serves strategy implementation 9](#_Toc528678092)

[1.5(b) Handbook published by 31 October 9](#_Toc528678093)

[1.5(c ) Average number of days to reimburse the MPs 10](#_Toc528678094)

[1.5(d) Payments made in compliance to policy 10](#_Toc528678095)

[2. Financial Performance Review 10](#_Toc528678096)

[2.1 Statement of Appropriation 10](#_Toc528678097)

[2.2 Statement of Financial Position (Balance Sheet) 10](#_Toc528678098)

[2.2(a) Current Assets 10](#_Toc528678099)

[2.2(b) Non-current Assets 10](#_Toc528678100)

[2.2(c ) Current Liabilities 11](#_Toc528678101)

[2.2(d) Non-current liabilities 11](#_Toc528678102)

[2.2(c ) Net Assets/Liabilities 11](#_Toc528678103)

[2.3 Statement of Comprehensive Income (Income Statement) 11](#_Toc528678104)

[2.3(a) Revenue from exchange transactions 11](#_Toc528678105)

[2.3(b) Revenue from non-exchange transactions 11](#_Toc528678106)

[2.3(c ) Expenditure 11](#_Toc528678107)

[2.3(d) Operating deficit 11](#_Toc528678108)

[2.3(e ) Other Comprehensive Income or losses 12](#_Toc528678109)

[2.3(f) Total deficit/Surplus for 2017/18 12](#_Toc528678110)

[2.4 Cash Flow Statement 12](#_Toc528678111)

[2.4(a) Receipts 12](#_Toc528678112)

[2.4(b) Payments 12](#_Toc528678113)

[2.4(c ) Net cash flows from operating activities 12](#_Toc528678114)

[2.4(d) Cash flows from financing activities 12](#_Toc528678115)

[2.4(c ) Net increase/decrease in cash and cash equivalents as at 31 March 2018 12](#_Toc528678116)

[3. Issues to be considered by the Committee 12](#_Toc528678117)

[ 1.1(b) Governance documents tabled for referral 12](#_Toc528678118)

[ 1.2(d) Compliance with prescripts and regulations 13](#_Toc528678119)

[ 1.3(a) Service provision as per service charter 13](#_Toc528678120)

[1.3(e) Policy advice within 7 days average 13](#_Toc528678121)

[ 1.3(i) Reports within 8 days 13](#_Toc528678122)

[1.3(n) OLOGB tracking published documents 13](#_Toc528678123)

[1.3(o) Population having access to participate in parliamentary processes 13](#_Toc528678124)

[1.3(p) Population participating in parliamentary processes 13](#_Toc528678125)

[1.4(a) Client satisfaction level 13](#_Toc528678126)

[1.4(b) Population of those who are aware of the business of Parliament 14](#_Toc528678127)

[1.4 (c ) Universal access 14](#_Toc528678128)

[1.4(d) Client satisfaction level 14](#_Toc528678129)

[1.4(e ) Increase in talent management index 14](#_Toc528678130)

[1.5(a) Phase of integrated serves strategy implementation 14](#_Toc528678131)

[1. Financial Performance Review 14](#_Toc528678132)

[1.1 Statement of Appropriation 14](#_Toc528678133)

[1.2 Statement of Financial Position (Balance Sheet) 15](#_Toc528678134)

[2.2(a) Current Assets 15](#_Toc528678135)

[2.2(b) Non-current Assets 15](#_Toc528678136)

[2.2(c ) Current Liabilities 15](#_Toc528678137)

[2.2(d) Non-current liabilities 15](#_Toc528678138)

[2.2(c ) Net Assets/Liabilities 15](#_Toc528678139)

[2.3(d) Operating deficit 15](#_Toc528678140)

[2.3(e ) Other Comprehensive Income or losses 15](#_Toc528678141)

[2.3(f) Total deficit/Surplus for 2017/18 16](#_Toc528678142)

[3.1 Cash Flow Statement 16](#_Toc528678143)

[2.4(a) Receipts 16](#_Toc528678144)

[2.4(b) Payments 16](#_Toc528678145)

[2.4(c ) Net cash flows from operating activities 16](#_Toc528678146)

[2.4(d) Cash flows from financing activities 16](#_Toc528678147)

[2.4(c ) Net increase/decrease in cash and cash equivalents as at 31 March 2018 16](#_Toc528678148)

[Reference 16](#_Toc528678149)

**THE REVIEW OF THE ANNUAL REPORT OF PARLIAMENT FOR 2017/18 FINANCIAL YEAR**

**30 October 2018**

# **Introduction**

The purpose of this paper is to review the annual report of Parliament for 2017/18 financial year for the meeting of the Joint Standing Committee on Financial Management of Parliament (JSCFMP) with the Secretary to Parliament. Section 52 of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA) of 2009 as amended provides that the Accounting Officer of Parliament must report to the Executive Authority about the performance of Parliament.

The Joint Standing Committee on Financial Management of Parliament (JSCFMP) established in terms of Section 4(1) of the FMPPLA as the oversight mechanism of Parliament to maintain oversight of the financial management of Parliament. The JSCFMP has the power that other parliamentary committees have in Section 56 and 69 of the Constitution. JSCFMP may require the Accounting Officer and any other official of Parliament to appear before it. The FMPPLA prescribes that the Executive Authority of Parliament is the Speaker of the National Assembly (NA) and the Chairperson of the National Council of Provinces (NCOP) exercising their powers jointly. The Executive Authority is accountable to Parliament and the JSCFMP for the financial management of Parliament and for issuing the directives that have financial implications, which must be in writing and addressed to the Accounting Officer.

The Accounting Officer must develop the system of delegation in consultation with the Executive Authority, which must maximize administrative and operational efficiency; and provide adequate checks and balances in the financial management of Parliament.

There was a change at the senior management level of Parliament in the first quarter of 2017/18 as the Secretary to Parliament granted special leave by the Executive Authority pending investigation against him by the audit committee. The Deputy Secretary that headed the Corporate Support Branch acted as the Secretary to Parliament since June 2017 the last month of the first quarter of 2017/18 financial year. Another change that followed the appointment of the Acting Secretary to Parliament was the revision of the APP affected 20 targets. The revised APP implemented successfully during the third quarter of 2017/18 financial year.

# **Review of non-financial performance**

The non-financial performance of Parliament measured, against the following predetermined objectives:

* Strategic Leadership and Governance which represents Programme One;
* Administration represented by Programme Two;
* Core Business represented by Programme Three;
* Support Services represented by Programme Four; and
* Associated Services represented by Programme Five.

## Programme One: Strategic Leadership and Governance

The strategic leadership and governance Programme was measured in three performance indicators, namely:

* Governance schedule implemented;
* Governance documents tabled for referral as required by the FMPPLA; and
* Number of analytical reports produced per year.

The purpose of programme one is to provide political and strategic leadership, governance and institutional policy, executive communication and coordination, and oversee the development and the implementation of Parliament’s strategic plan, APP and Budget. Program one consists of the Office of the Speaker of the NA and the Office of the Chairperson of the NCOP, Parliamentary Budget Office (PBO), Treasury Advice Office and the Office for Institutions Supporting Democracy (OISD).

### 1.1(a) Governance schedule implemented

A target set at 100 percent for governance schedule implemented, at the end of the financial year the actual performance fell at 75 percent below the target by 25 percent. The reason for not achieving the target, the Executive Committee (EXCO) did not hold its meetings in the first and second quarter of 2017/18 financial year.

### 1.1(b) Governance documents tabled for referral

A target set at 100 percent for governance documents tabled for referral as required by the FMPPLA, at the end of the financial year the actual performance fell at 65 percent below the target by 35 percent. **Although the FMPPLA requires that governance documents be tabled quarterly for referral to the JSCFMP however, it is impossible to meet this target due to the fact that Parliament closes in the second week of December, therefore governance documents could not be tabled in December.**

### 1.1( c ) Number of analytical report per year

A target set at 22 reports for provision of objective and professional analysis and advice on matters related to the budget and Money Bills tabled in Parliament, the actual performance fell at 45 analytical reports, exceeding the target by 23 reports. The target was exceeded due to demand of the analytical reports from the Members of Parliament.

## Programme Two: Administration

Administration was measured in the following five performance indicators:

* Number of programmes implemented;
* Completion rate;
* Speaker’s forum and SALSA resolutions followed up and actioned;
* Compliance with prescripts and regulations; and
* Governance documents submitted in compliance with the FMPPLA.

Seeks to provide strategic leadership support and management, support institutional policy and governance, provide development programmes for MPs, overall management and administration, financial management and internal audit, and registry of Member’s interests. Programme 2 consists of the Office of the Secretary to Parliament, Legislative Sector Support, Strategic Management and Governance, Financial Management Office, Internal Audit, and the Registrar of Member’s Interests.

### 1.2(a) Number of programmes implemented

A target set at 8 programmes implemented or 100 percent, the actual performance achieved at 100 percent at the end of 2017/18. The capacity building programmes for Members of Parliament (MPs) were developed with the following institutions:

* University of Johannesburg for Continuing Education Programmes (certificates, post graduate deplomas and masters programme.
* Nelson Mandela Metropolitan University (NMMU) for the certificate in Human Settlement.
* University of London for post graduate programmes.

### 1.2(b) Completion rate

A target set at 15 percent, but the actual performance fell at 40 percent exceeding the target by 25 percent. The overachievement is attributed to the Continuing Education Programme Certificates due to 89 percent pass rate. For the post graduate deploma, masters programme, certificate in human settlement, and post graduate programmes will be completed at the of 2019.

### 1.2(C) Speakers forum and SALSA resolutions followed up and actioned

A target set at 100 percent, and at the end of the year 100 percent achieved. This means, all the Speaker’s Forum and SALSA resolutions were actioned.

### 1.2(d) Compliance with prescripts and regulations

A target set at 100 percent for complying with prescripts and regulations, and the actual performance fell at 95 percent underachieving the target by 5 percent. **The reason given for underperforming this target is due to lack of administrative co-ordination in the submission of governance documents.**

### 1.2(e) Governance documents submitted in compliance with the FMPPLA

A target set at 100 percent, the actual performance fell at 95 percent below the target by 5 percent. No reasons given for underperforming this target.

## Programme 3: Core Business

The purpose of Program three is to improve the timeliness and quality of advisory and information services, implement the oversight and accountability model, develop and implement models ensuring increased quality of legislation and improved oversight of corperative governance, improve access and participation in parliamentary processes, and improve support for Parliament’s international engagement. In addition, the Core Business Programme seeks to increase Parliament oversight capacity to monitor the implementation of international agreements, and to provide professional protocol and ceremonial services.

The performance of this programme measured by the following 16 performance indicators:

* Service provision as per service charter
* House papers available on sitting days
* Procedural advice within 7 days average
* Legal advice within 7 days average
* Policy advice within 7 days average
* Research within the time allocated
* Information requests within time allocated
* Minutes within 3 days
* Reports within 8 days
* Official reports for the und-revised Hansard within 5 days
* Interpretation
* Translations within agreed time
* Documentation to respond to PAIA requests within the prescribed time
* OLOGB tracking published documents
* Population having access to participate in parliamentary processes
* Population participating in parliamentary processes

### 1.3(a) Service provision as per service charter

A target set at 95 percent, and the actual performance fell at 90.85 percent underachieving the target by 4.15 percent. **The reason given for underperforming attributed to staff vacancies and increased work volumes.**

### 1.3(b) House papers available on sitting days

A target set at 100 percent, which at the end of 2017/18 the actual performance fell at 100 percent achieving the target.

### 1.3 (c ) Procedural advice within 7days average

### A target set at 100 percent, and the actual performance fell at 99.89 percent below the target by 0.11 percent. No reasons given for falling short of the target by just 0.11 percent.

### 1.3(d) Legal advice within 7 days average

A target set at 100 percent, in which the actual performance was achieved at 100 percent at the end of 2017.

### 1.3(e) Policy advice within 7 days average

For the policy advice a target set at 100 percent, at the end of 2017 the actual target fell at 43.86 percent underachieving the target by 56.14 percent. **The reason given for under-performing in this indicator is that in the first and second quarter of 2017, there was no tracking system , therefore performance could not be identified.**

### 1.3(f) Research within the time allocated

A target set at 95 percent for the research within the time allocated, and the actual performance exceeded the target 4.74 percent to 99.74 percent at the end of 2017.

### 1.3(g) Information requests within time allocated

For the information requests, a target set at 95 percent, which was exceeded at the end of 2017 by 2.77 percent to 97.77 percent. The reason given for overachieving this target is due to improvement on internal control. **Parliament management should explain as to how could a target of the “information requests within the time allocated” be overachieved due to improvement on internal control.**

### 1.3(h) Minutes within 3 days

For minutes produced within 3 days a target set at 90 percent, and the actual performance achieved at 95.84 percent exceeding the target by 5.84 percent.

### 1.3(i) Reports within 8 days

A target set at 95 percent to produce a report within 8 days, and the actual performance fell at 91.91 percent underachieving the target at the end of 2017 by 3.99 percent. **The reason given is that competing priorities and challenges as a result of vacancies resulted in underperforming this indicator.** **Parliament management says there is a need for equal research support to the NA and NCOP Committees’ demands. Therefore, the management is intending to review the research model for Parliament to leverage the benefit of the available subject expertise. They believe this is an important support to Parliament’s oversight and accountability role.**

### 1.3(j) Official report for the unrevised Hansard within 5 days

A target set at 95 percent, and the actual performance at the end of 2017 exceeded the target by 5 percent to 100 percent. The management indicated that overachievement in this indicator attributed to the mechanism to the progress in monitoring the APP in order to meet the target.

### 1.3(k) Interpretation

For the interpretation, a target set at 85 percent, and the actual performance fell at 56.74 percent below the target by 38.26 percent. **The under-performance attributed to the unavailability of interpreters due to high turnover.**

### 1.3(l) Translations within agreed time

A target set at 95 percent, and the actual performance exceeded the target by 0.11 percent to 95.11 percent. **The improvement attributed to the refinement of mechanism of reallocation of work and negotiated competing deadlines with the client. The management indicated that there is no linear correlation between the number of translation requests and performance.**

### 1.3(m) Documentation to responses of PAIA requests within the prescribed time

For the documentation to respond to PAIA requests, a target set at 100 percent, and the actual performance achieved by 100 percent at the end of 2017. **This indicator was specifically set to meet the statutory requirements as the court ruled over PAIA.**

### 1.3(n) OLOGB tracking published documents

**Although a target set 100 percent for this indicator, but actual performance was not reported at the end of 2017 due to unclear measurement on this indicator.**

### 1.3(o) Population having access to participate in parliamentary processes

A target set 10 percent, and the actual performance fell at 10 percent at the end of 2017. **A target in this performance indicator set below the actual performance of 11.5 percent in 2016 therefore, it should not be regarded as the achievement.**

### 1.3(p) Population participating in parliamentary processes

A target set at 10 percent, and the actual performance fell at 6 percent below the target by 4 percent at the end of 2017. **This indicates that the majority of South Africans do not participate in parliamentary processes. The lack in participating in the parliamentary processes need to be investigated as the democracy of South Africa is the participative democracy.**

## Programme four: Support Services

Programme 4 provides the required support services to MPs and core business to ensure the efficient and effective functioning of Parliament. This Programme includes the overall institutional objectives that aimed at improving Member’s satisfaction with services, the development and implementation of a comprehensive communications strategy, greater leveraging of technologies, and enabling environment to optimize facilities management, and strategies to increase the availability of strategic competences, talent and skills. Programme 4 has 5 performance indicators as follows:

* Client satisfaction level
* Population of those who are aware of business of Parliament
* Universal access
* Client satisfaction level
* Increase in talent management index

### 1.4(a) Client satisfaction level

A target set at 73.5 percent, and the actual performance fell at 70 percent at the end of 2017 by 3.5 percent. **This indicator measured against the industrial standard, but it is not indicated as to what industrial standard measured against.**

### 1.4(b) Population of those who are aware of the business of Parliament

For the population of those who are aware of Parliament business a target set at 11.75 percent, and the actual performance achieved at 24 percent exceeding the target by 12.25 percent. **The overachievement of this indicator attributed to the implementation of the comprehensive communication strategy, which focused on the execution of improved qualitative and quantitative communication activities supporting the programme of Parliament.**

### 1.4 (c ) Universal access

For this indicator a target set at 70 percent, at the end of 2017 the actual performance fell at 72 percent exceeding the target by 2.7 percent. **The performance in this indicator measured to assess the access to Information Communication Technology (ICT) provided to MPs. This also includes improved efficiency of IT business and the access through technology to parliamentary business.**

### 1.4(d) Client satisfaction level

A target set at 70 percent, and the actual performance fell at 69.7 percent below the target by 0.3 percent. **No reasons given for under-performing this indicator.**

### 1.4(e ) Increase in talent management index

A target set at 6 percent, and the actual performance exceeded the target by 3 percent to 9 percent. **Parliament management should indicate if this indicator was benchmarked against the industrial norm.**

## 1.5 Programme Five: Associated Services

Programme 5 provides travel, Information Communication Technology (ICT) and other facilities for MPs to fulfil their duties as elected public representatives, and provide financial support to political parties represented in Parliament for their leaders and constituency offices.

This programme has got four performance indicators as follows:

* Phase of integrated services strategy implementation
* Handbook published by 31 October
* Average number of days to reimburse the MPs
* Payments made in compliance to policy

### 1.5(a) Phase of integrated serves strategy implementation

**The performance for this indicator measured by defining service per seamless service project, and the milestone set for the seamless service project was partially achieved.**

### 1.5(b) Handbook published by 31 October

This target measured against the period in which the handbook is published. A target was achieved as the handbook was published by the 31 October 2017.

### 1.5(c ) Average number of days to reimburse the MPs

A target set at 2.7 day, and the actual performance fell at 2.37 days exceeding the target by 0.3 days.

### 1.5(d) Payments made in compliance to policy

A target set at 100 percent, and the actual performance was achieved by 100 percent. These are payments made in respect to political parties and other institutions.

# **Financial Performance Review**

## Statement of Appropriation

The statement of appropriation includes the main appropriation and statutory appropriation of Parliament’s budget.

**Main appropriation –** Parliament’s approved final budget amounts to R1,712 (billion) in 2017/18 financial year. The main appropriation budget provided for the compensation of employees and goods and services, as well as transfers to political parties and other institutions. **The compensation of employees allocated an amount of R785.5 million, which was overspent by R44.279 (million) to R829.7 million as at 31 March 2018. Goods and services were provided R507.288 (million), and underspent by R15.987 (million) as at 31 March 2018. Transfers to political parties and other institutions provided R414.7 million adjusted upwards by R2.6 million. The management should provide reasons for adjustment during the year under review.**

**Statutory appropriation –** provided for the annual budget of R556.3 million in 2017/18. The statutory appropriation is the direct charge from the National Revenue Fund, which is provided for the compensation MPs. The Act requires that the underspending on statutory appropriation be returned to the National Revenue Account. **The actual compensation of the MPs amounts to R456 million as at 31 March 2018, underspending the statutory appropriation by R101 million. Therefore, the amount of R101 million, which was underspent should be returned to the National Revenue Account.**

## Statement of Financial Position (Balance Sheet)

### 2.2(a) Current Assets

Current assets include inventories, receivables from non-exchange transactions, receivables from exchange transactions, VAT receivable, prepayments, assets held for sale, cash and cash equivalent. These current assets altogether have a value of R302.2 million as at 31 March 2018 decreasing from R325.6 million in 2017 by R23.404 (million) as at 31 March 2017.

### 2.2(b) Non-current Assets

Non-current assets include property, plant and equipment, intangible assets, and heritage assets. The total value of the non-current assets amounts to R138.5 million as at 31 March 2018 decreasing from R164.1 million by R25.6 million in 2017.

**Total assets for both current and non-current assets had a value of R440.6 million as at 31 March 2018 decreasing from a total assets value of R489.7 as at 31 March 2017 by R49.1 million. The decrease in total assets in 2018, affected by the decrease in both current and non-current assets value by 49.1 million compared to the balance sheet as at 31 March 2017.**

### 2.2(c ) Current Liabilities

Current liabilities include finance lease obligation, payable from exchange transactions, payable from non-exchange transactions, VAT payable, unspent statutory appropriation, current employees benefits and provisions. The total current liabilities amounts to R250.8 million as at 31 March 2018 increasing from R214.9 million in 2017 by R35.9 million.

### 2.2(d) Non-current liabilities

The non-current liabilities include finance lease obligation, and employees benefits obligation, which amounts to R1.433 (billion) in 2018 increasing from R1.241 (billion) in 2017 by R192 millon.

**The total liabilities for both current and non-current amounts to R1.7 billion in 2018 increasing from R1.5 billion in 2017 by R200 million.**

### 2.2(c ) Net Assets/Liabilities

**Net liabilities amounts to R1.243 (billion) in 2018 increasing from R966 million in 2017 by R277 million. According to the balance sheet Parliament has a deficit of R1.243 (billion) in 2018 increasing from R966 million in 2017 by R277 million.**

**The deficit according to the balance sheet statement indicates that Parliament insignificant own revenue, mainly from catering services and interest received. Therefore, without the main appropriation and statutory appropriation Parliament could not be going concerned.**

## Statement of Comprehensive Income (Income Statement)

### 2.3(a) Revenue from exchange transactions

Revenue from exchange transactions includes bad debt recovered, commission received, interest earned, other revenue, and sale of goods. The total exchange transaction amounts to R29 million in 2018 decreasing from R30.2 million in 2017 by R1.2 million.

### 2.3(b) Revenue from non-exchange transactions

The revenue from non-exchange transactions includes annual and statutory appropriation, service in kind rental, public contributions and donations and other revenue. Total non-exchange transaction s amounts to R2.356 (billion) in 2018 increasing from R2.228 (billion) in 2017 by R128 million.

### 2.3(c ) Expenditure

Expenditure includes compensation of employees and MPs, depreciation and amortization, impairments loss/reversal of impairments finance costs, debt impairment, debt written off (no work no pay), transfers to political parties and other institutions, repairs and maintenance, cost of sale and general expenses. The total expenditure amounts to R2.549 (billion) in 2018 increasing from R2.508 (billion) in 2017 by R41 million.

### 2.3(d) Operating deficit

**Operating deficit includes loss on disposal of assets, losses on foreign exchange, actuarial gain/losses and gain/losses due to change in accounting estimates. According to the Comprehensive Income Statement operating deficit amounts to R192.7 million in 2018 decreasing from R280 million in 2017 by R87.3 million.**

### 2.3(e ) Other Comprehensive Income or losses

Other losses amount to R72.8 million in 2018, whereas the other income amounts to R291.1 million in 2017**. Why there was a loss in 2018 whereas made income in 2017?**

### 2.3(f) Total deficit/Surplus for 2017/18

Parliament suffered a total deficit of R265.5 million in2018, whereas it made a surplus of R11.1 million in 2017. **Why has a deficit in 2018 whereas it made surplus in 2017?**

# Cash Flow Statement

### 2.4(a) Receipts

Receipts include annual and statutory appropriation, departmental revenue and interest received. Total receipts amount to R2.3 billion in 2018 increasing from R2.2 billion in 2017 by R100 million.

### 2.4(b) Payments

Payments include employees costs, suppliers, finance costs, statutory appropriation surrendered to National Revenue Account and transfers to political parties and other institutions. The total payments according to the cash flow statement amount to R2.303 (billion) in 2018 increasing from R2.2 billion in 2017 by R103 million.

* Payments to compensation of employees amount to R1.286 (billion) in 2018 decreasing from R1.316 (billion) in 2017 by R30 million.
* Payments to suppliers amount to R489.2 million in 2018 increasing from R430.6 million in 2017 by R58.6 million
* Finance costs amount to R65 thousand in both 2018 and 2017.
* Statutory appropriation surrendered to the National Revenue Account amounts to R93.3 million in 2018 increasing from R62.8 million in 2017 by R30.5 million.
* Transfers to political parties and other institutions amount to R435.098 (million) in 2018 increasing from R403.264 (million) in 2017 by R31.834 (million).

### 2.4(c ) Net cash flows from operating activities

Parliament suffered a loss of R5.1 million from the operating activities in 2018 whereas it accumulated an income of R6.369 (million) in 2017.

### 2.4(d) Cash flows from financing activities

Finance lease payments amount to R494 thousand in 2018 decreasing form R619 thousand in 2017 by R125 thousand. **What could be the finance lease for Parliament?**

### 2.4(c ) Net increase/decrease in cash and cash equivalents as at 31 March 2018

**Cash and cash equivalents amount to R282.258 (million) decreasing from R311.777 (million) in 2017 by R29.519 (million).**

# Issues to be considered by the Committee

### 1.1(b) Governance documents tabled for referral

A target set at 100 percent for governance documents tabled for referral as required by the FMPPLA, at the end of the financial year the actual performance fell at 65 percent below the target by 25 percent. **Although the FMPPLA requires that governance documents be tabled quarterly for referral to the JSCFMP however, it is impossible to meet this target due to the fact that Parliament closes in the second week of December, therefore governance documents could not be tabled in December.**

### 1.2(d) Compliance with prescripts and regulations

A target set at 100 percent for complying with prescripts and regulations, and the actual performance fell at 95 percent underachieving the target by 5 percent. **The reason given for underperforming this target is due to lack of administrative co-ordination in the submission of governance documents.**

### 1.3(a) Service provision as per service charter

A target set at 95 percent, and the actual performance fell at 90.85 percent underachieving the target by 4.15 percent. **The reason given for underperforming attributed to staff vacancies and increased work volumes.**

### 1.3(e) Policy advice within 7 days average

For the policy advice a target set at 100 percent, at the end of 2017 the actual target fell at 43.86 percent underachieving the target by 56.14 percent. **The reason given for under-performing in this indicator is that in the first and second quarter of 2017, there was no tracking system , therefore performance could not be identified.**

### 1.3(i) Reports within 8 days

A target set at 95 percent to produce a report within 8 days, and the actual performance fell at 91.91 percent underachieving the target at the end of 2017 by 3.99 percent. **The reason given is that competing priorities and challenges as a result of vacancies resulted in underperforming this indicator.** **Parliament management says there is a need for equal research support to the NA and NCOP Committees’ demands. Therefore, the management is intending to review the research model for Parliament to leverage the benefit of the available subject expertise. They believe this is an important support to Parliament’s oversight and accountability role.**

### 1.3(n) OLOGB tracking published documents

**Although a target set 100 percent for this indicator, but actual performance was not reported at the end of 2017 due to unclear measurement on this indicator.**

### 1.3(o) Population having access to participate in parliamentary processes

A target set 10 percent, and the actual performance fell at 10 percent at the end of 2017. **A target in this performance indicator set below the actual performance of 11.5 percent in 2016 therefore, it should not be regarded as the achievement.**

### 1.3(p) Population participating in parliamentary processes

A target set at 10 percent, and the actual performance fell at 6 percent below the target by 4 percent at the end of 2017. **This indicates that the majority of South Africans do not participate in parliamentary processes. The lack in participating in the parliamentary processes need to be investigated as the democracy of South Africa is the participative democracy.**

### 1.4(a) Client satisfaction level

A target set at 73.5 percent, and the actual performance fell at 70 percent at the end of 2017 by 3.5 percent. **This indicator measured against the industrial standard, but it is not indicated as to what industrial standard measured against.**

### 1.4(b) Population of those who are aware of the business of Parliament

For the population of those who are aware of Parliament business a target set at 11.75 percent, and the actual performance achieved at 24 percent exceeding the target by 12.25 percent. **The overachievement of this indicator attributed to the implementation of the comprehensive communication strategy, which focused on the execution of improved qualitative and quantitative communication activities supporting the programme of Parliament.**

### 1.4 (c ) Universal access

For this indicator a target set at 70 percent, at the end of 2017 the actual performance fell at 72 percent exceeding the target by 2.7 percent. **The performance in this indicator measured to assess the access to Information Communication Technology (ICT) provided to MPs. This also includes improved efficiency of IT business and the access through technology to parliamentary business.**

### 1.4(d) Client satisfaction level

A target set at 70 percent, and the actual performance fell at 69.7 percent below the target by 0.3 percent. **No reasons given for under-performing this indicator.**

### 1.4(e ) Increase in talent management index

A target set at 6 percent, and the actual performance exceeded the target by 3 percent to 9 percent. **Parliament management should indicate if this indicator was benchmarked against the industrial norm.**

### 1.5(a) Phase of integrated serves strategy implementation

**The performance for this indicator measured by defining service per seamless service project, and the milestone set for the seamless service project was partially achieved.**

# **Financial Performance Review**

## Statement of Appropriation

The statement of appropriation includes the main appropriation and statutory appropriation of Parliament’s budget.

**Main appropriation –** Parliament’s approved final budget amounts to R1,712 (billion) in 2017/18 financial year. The main appropriation budget provided for the compensation of employees and goods and services, as well as transfers to political parties and other institutions. **The compensation of employees allocated an amount of R785.5 million, which was overspent by R44.279 (million) to R829.7 million as at 31 March 2018. Goods and services were provided R507.288 (million), and underspent by R15.987 (million) as at 31 March 2018. Transfers to political parties and other institutions provided R414.7 million adjusted upwards by R2.6 million. The management should provide reasons for adjustment during the year under review.**

**Statutory appropriation –** provided for the annual budget of R556.3 million in 2017/18. The statutory appropriation is the direct charge from the National Revenue Fund, which is provided for the compensation MPs. The Act requires that the underspending on statutory appropriation be returned to the National Revenue Account. **The actual compensation of the MPs amounts to R456 million as at 31 March 2018, underspending the statutory appropriation by R101 million. Therefore, the amount of R101 million, which was underspent should be returned to the National Revenue Account.**

## Statement of Financial Position (Balance Sheet)

### 2.2(a) Current Assets

Current assets include inventories, receivables from non-exchange transactions, receivables from exchange transactions, VAT receivable, prepayments, assets held for sale, cash and cash equivalent. These current assets altogether have a value of R302.2 million as at 31 March 2018 decreasing from R325.6 million in 2017 by R23.404 (million) as at 31 March 2017.

### 2.2(b) Non-current Assets

Non-current assets include property, plant and equipment, intangible assets, and heritage assets. The total value of the non-current assets amounts to R138.5 million as at 31 March 2018 decreasing from R164.1 million by R25.6 million in 2017.

**Total assets for both current and non-current assets had a value of R440.6 million as at 31 March 2018 decreasing from a total assets value of R489.7 as at 31 March 2017 by R49.1 million. The decrease in total assets in 2018, affected by the decrease in both current and non-current assets value by 49.1 million compared to the balance sheet as at 31 March 2017.**

### 2.2(c ) Current Liabilities

Current liabilities include finance lease obligation, payable from exchange transactions, payable from non-exchange transactions, VAT payable, unspent statutory appropriation, current employees benefits and provisions. The total current liabilities amounts to R250.8 million as at 31 March 2018 increasing from R214.9 million in 2017 by R35.9 million.

### 2.2(d) Non-current liabilities

The non-current liabilities include finance lease obligation, and employees benefits obligation, which amounts to R1.433 (billion) in 2018 increasing from R1.241 (billion) in 2017 by R192 millon.

**The total liabilities for both current and non-current amounts to R1.7 billion in 2018 increasing from R1.5 billion in 2017 by R200 million.**

### 2.2(c ) Net Assets/Liabilities

**Net liabilities amounts to R1.243 (billion) in 2018 increasing from R966 million in 2017 by R277 million. According to the balance sheet Parliament has a deficit of R1.243 (billion) in 2018 increasing from R966 million in 2017 by R277 million.**

**The deficit according to the balance sheet statement indicates that Parliament insignificant own revenue, mainly from catering services and interest received. Therefore, without the main appropriation and statutory appropriation Parliament could not be going concerned.**

### 2.3(d) Operating deficit

**Operating deficit includes loss on disposal of assets, losses on foreign exchange, actuarial gain/losses and gain/losses due to change in accounting estimates. According to the Comprehensive Income Statement operating deficit amounts to R192.7 million in 2018 decreasing from R280 million in 2017 by R87.3 million.**

### 2.3(e ) Other Comprehensive Income or losses

Other losses amount to R72.8 million in 2018, whereas the other income amounts to R291.1 million in 2017**. Why there was a loss in 2018 whereas made income in 2017?**

### 2.3(f) Total deficit/Surplus for 2017/18

Parliament suffered a total deficit of R265.5 million in2018, whereas it made a surplus of R11.1 million in 2017. **Why has a deficit in 2018 whereas it made surplus in 2017?**

# Cash Flow Statement

### 2.4(a) Receipts

Receipts include annual and statutory appropriation, departmental revenue and interest received. Total receipts amount to R2.3 billion in 2018 increasing from R2.2 billion in 2017 by R100 million.

### 2.4(b) Payments

Payments include employees costs, suppliers, finance costs, statutory appropriation surrendered to National Revenue Account and transfers to political parties and other institutions. The total payments according to the cash flow statement amount to R2.303 (billion) in 2018 increasing from R2.2 billion in 2017 by R103 million.

* Payments to compensation of employees amount to R1.286 (billion) in 2018 decreasing from R1.316 (billion) in 2017 by R30 million.
* Payments to suppliers amount to R489.2 million in 2018 increasing from R430.6 million in 2017 by R58.6 million
* Finance costs amount to R65 thousand in both 2018 and 2017.
* Statutory appropriation surrendered to the National Revenue Account amounts to R93.3 million in 2018 increasing from R62.8 million in 2017 by R30.5 million.
* Transfers to political parties and other institutions amount to R435.098 (million) in 2018 increasing from R403.264 (million) in 2017 by R31.834 (million).

### 2.4(c ) Net cash flows from operating activities

Parliament suffered a loss of R5.1 million from the operating activities in 2018 whereas it accumulated an income of R6.369 (million) in 2017.

### 2.4(d) Cash flows from financing activities

Finance lease payments amount to R494 thousand in 2018 decreasing form R619 thousand in 2017 by R125 thousand. **What could be the finance lease for Parliament?**

### 2.4(c ) Net increase/decrease in cash and cash equivalents as at 31 March 2018

**Cash and cash equivalents amount to R282.258 (million) decreasing from R311.777 (million) in 2017 by R29.519 (million).**

# Reference

Parliament of the Republic of South Africa (2018) Annual Report

Financial Management of Parliament and Provincial Legislatures Act of 2009 as Amended