**Report of the Joint Standing Committee on the Financial Management of Parliament on the Parliament of the Republic of South Africa’s 2020/21 Annual Report, dated 2 December 2022**

The Joint Standing Committee on the Financial Management of Parliament, having considered the Parliament of the Republic of South Africa’s 2021/22 Annual Report, reports as follows:

**1. Introduction**

1.1 Section 4 of the Financial Management of Parliament and Provincial Legislatures Act, No. 10 of 2009 (FMPPLA) provides for the establishment of an oversight mechanism to maintain oversight of the financial management of Parliament. The Joint Standing Committee on the Financial Management of Parliament (the Committee) was established in terms of the Joint Rules of Parliament. The Committee has the powers afforded to parliamentary committees under sections 56 and 69 of the Constitution of the Republic of South Africa, No 108 of 1996 (the Constitution). In addition, section 4 of the FMPPLA mandates the Committee to, amongst others, consider Parliament’s Annual Report.

1.2 Parliament’s 2020/21 Annual Report was tabled on 31 August 2022, and referred to the Committee on 1 September 2022. The Speaker of the National Assembly presented the Annual Report to the Committee on 21 October 2022. On the same day, the Committee received briefings from the Auditor-General of South Africa (AGSA) and the Secretary to Parliament—the accounting officer—and the institution’s senior management team.

1.3 This report should be read along with Parliament’s 2019-2024 Strategic Plan, the 2021/22 Annual Performance Plan and budget, the institution’s 2021/22 Annual Report, as well as the Committee’s quarterly reports on the institution’s performance in the financial year under review.

1.4 This report comprises five parts: Part A, containing a summary of the institution’s financial and performance information for the period under review; Part B, containing the AGSA’s key findings; Part C, containing the Audit Committee’s recommendations; Part D, containing the Committee’s observations; and Part E, containing the Committee’s recommendations.

**Part A: Performance in the 2020/21 Financial Year**

**2. Mandate**

2.1 Parliament derives its mandate from:

- chapter 4 of the Constitution, which sets out its composition, powers and functions;

- the FMPPLA which regulates the institution’s financial management;

- the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009 which provides procedures to amend money bills; and

- the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, No. 4 of 2004 which defines and declares the national and provincial legislatures’ powers, privileges and immunities.

**2.2 Mission and Vision**

2.2.1 The institution has identified six values according to which it conducts its business i.e. openness; responsiveness; accountability; teamwork; professionalism; and integrity.

2.2.2 In pursuit of its vision to be “activist and responsive” so as to improve the quality of life in South Africa and to ensure enduring equality, the institution has, as its mission, to provide:

- a vibrant people’s assembly that intervenes and transforms society and addresses the developmental challenges of the people;

- effective oversight over the Executive by strengthening its scrutiny of actions against South Africans’ the needs;

- the participation of all citizens in the decision-making processes that affect South Africans’ lives;

- a healthy relationship between the three arms of the State in order to promote efficient cooperative governance, and to ensure appropriate links within the region and the world; and

- an innovative, transformative, effective and efficient parliamentary service and administration that enables Members of Parliament to fulfil their constitutional responsibilities.

**2.3 Strategic Priorities: 2019-2024**

2.3.1 Having taken into account Parliament’s budgetary constraints in the face of South Africa’s poor economic performance and the low growth forecast, Parliament identified only two strategic priorities for the Sixth Parliament: to strengthen oversight; and to enhance public involvement in Parliament’s activities.

2.3.2 In order to achieve the above outcome, the Sixth Parliament will:

- *improve committee oversight work* in relation to the budget cycle in particular, through allowing more time in the parliamentary programme for oversight activities and encouraging committees to undertake joint oversight activities; and

- *improving the effectiveness of public hearings* through greater public participation by expanding public education, better dissemination of information, effective use of broadcasting, technology and social media, the use of more official languages, and encouraging committees to undertake joint public hearings.

2.3.3 To aid the above activities, the institution will:

- enhance research and legal support in respect of oversight activities;

- improve members’ capacity through capacity-building programmes that will empower parliamentarians to be effective and efficient in executing their oversight responsibilities;

- improve oversight and accountability through better monitoring, tracking and evaluation in respect of Parliament’s own work, as well as the work of the Executive;

- ensure openness and accessibility through the use of modern technology in respect of social media, tools-of-trade, workflows and automation; and

- cut costs to allow for operational sustainability.

**3. Financial performance**

**3.1 Overview**

3.1.1 Parliament received an unqualified audit report with no material findings on performance information and compliance with laws and regulations.

3.1.2 In 2021/22 Parliament received an appropriated budget amounting to R2,144 billion i.e. R187,377 million less than in the previous financial year. The statutory appropriation amounted to R471,710 million, by R69,338 million less than the previous year. The overall reduction of the budget, therefore, amounted to R256,715 million.

3.1.3 In 2020/21 Parliament received R26,117 million in donor funds from the European Union for the purpose of strengthening public participation and representation, strengthening capacity in law making and oversight, building an efficient and effective legislative sector and to strengthen the sector's capacity to engage, participate in, and oversee international relations. The donation may not be used for any other business. In 2021/22, however, no donor funds or public contributions were received.

3.1.4 Parliament generated revenue to the amount of R4,787 million, an increase of R2,466 million on the previous year’s revenue. The increase is ascribed to increased demand for catering services following the easing of the national lockdown restrictions which resulted in more physical committee meetings, and more employees and departmental officials working from the precinct.

3.1.5 The institution’s interest income increased from R13, 906 million in 2020/2021 to R15,311 million in 2021/22. The increase was due to an increase in the institution’s bank balances as a result of more monies than in the previous year being invested.

**3.2 Budget vs Expenditure**

3.2.1 Table 1 below illustrates the institution’s budget versus its actual expenditure. The variances are clarified in paragraphs 3.2.2 to 3.2.6 below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Line Item** | **Final Budget**  **R‘000** | **Actual Amounts**  **R‘000** | **Variance in Amounts**  **R’000** | **Variance in percentage** |
| Compensation of employees | 1 235 240 | 1 151 775 | 83 465 | 6,75% |
| Compensation of Members | 471 710 | 501 880 | -30 170 | -6,39% |
| Goods and services | 399 178 | 312 677 | 86 501 | 21,67% |
| Transfer to non-profit organisations | 513 031 | 516 819 | -3 788 | -0,74% |
| Acquisition of Property, plant and equipment | 37 551 | 21 871 | 15 680 | 41,75% |
| **Total** | **2 656 710** | **2 505 022** | **151 688** | 5,71% |

**Table 1: Budget vs Expenditure (Source: Parliament of the Republic of South Africa presentation to the JSCFMP, 2022)**

*Compensation of employees*

3.2.2 The 6,75 per cent underspending on compensation of employees is ascribed to terminations during the year, and delays in filling critical vacant positions. In terms of section 23(1) of the FMPPLA, Parliament is not required to return to the National Revenue (NRF) any monies contemplated in section 16 (2(b)(i) appropriated for a particular financial year but not spent in that year. The unspent 6,75 per cent will therefore become part of the retained earnings and will be available for spending in 2022/23.

*Compensation of members*

3.2.3 The 6,39 per cent overspend on compensation of members is ascribed to the payment of loss of office and exit gratuities to retired/resigned/deceased members, over and above the payment of the salaries and benefits to Members of Parliament. In addition, the National Treasury reduced the initial allocation for Direct Charges by R69, 338 million. Parliament claimed the overspent amount from the NRF and, at the time of reporting, was awaiting the refund.

*Goods and services*

3.2.4 The 21,67 per cent underspent on Goods and Services is ascribed to planned physical meetings that had to be held virtually or in a hybrid fashion. The monies not spent was made available for spending 2022/23.

*Transfers to non-profit organisations*

3.2.5 The 0,74 per cent overspend was ascribed to monies queried in the previous year and which were therefore withheld from political parties in line with the applicable policy. Once the political parties had responded satisfactorily to the queries raised, the funds were transferred. Political parties have been encouraged to respond to queries timeously, and within the same year the query was raised.

*Acquisition of property, plant and equipment, purchase of intangible and heritage assets*

3.2.6 The 41,75 per cent underspent was due to assets delivered close to year-end only having been paid in the new financial year. The monies that were not spent will be used to make outstanding payments. The amount owed for these assets is accounted for as part of payables from exchange transactions and the underspending will be used to pay for them.

**3.3 Financial position**

**Net liability**

3.3.1 Parliament reported a net liability amounting to R1,293,987 billion, due to the post retirement medical provision for former members of Parliament and provincial legislatures. In 1999 Parliament agreed that the medical aid contribution for former members of Parliament and provincial legislatures would be paid by Parliament. By the end of period under review, 1 055 former members received this subsidy. The actual contribution made by Parliament was R80,936 million, R3,436 million less than in the previous financial year. Without this post-retirement medical aid liability Parliament’s financial position would improve to R57,014 million net asset.

3.3.2 Included under liabilities are the provision of R161,520 million, and R159,702 million for members’ loss of office and members’ exit gratuities respectively. These were paid from direct charges.

3.3.3 Lastly, the liabilities include R58,263 million for the post retirement travel benefits of former members and ministers. An amount of R3,352 million—R1,844 million more than in the previous financial year—was paid in the period under review, and was funded from the annual appropriation.

**Non-current liabilities**

*Post-retirement medical-aid plan*

3.3.4 The employee benefits relate to the post-retirement medical aid plan for all members and pensioners who belong to the Parmed Medical Aid Scheme. In 2021/22 the liability stood at R1,262,843 million representing a 5,39 per cent decrease per the actuarial valuation assumptions.

*Members loss-of-office gratuity*

3.3.5 This provision for loss-of-office gratuity is calculated for all current members of Parliament who have served for five years or longer. It is calculated as four months’ pensionable salary for every five years in service or pro rata share of the five-year period. The pensionable salary is 60 per cent of their total gazetted remuneration package. In 2021/22 the liability stood at R155,415 million, 16 per cent greater than in the previous financial year. The increase is ascribed to the increase in years of service of members and changes to the discount rates.

*Exit gratuity*

3.3.6 The exit gratuity is payable to eligible members of Parliament who are members of the Political Office Bearers Pension Fund and who had exited the fund before or as a consequence of the 2019 general elections. Proclamation 48 of 21 July 2016 proclaimed that a relevant political office bearer who exited the fund at or as a consequence of the 2019 election or at any date in the period 1 March 2016 to the 2019 election date would, subject to certain conditions, be entitled to a gratuity equal to the amount, if any, by which their Old Rules Benefit exceeded the benefit payable from the fund on exiting the fund. This amount was increased each year in line with the consumer price index up until it is paid to the member when they exit the fund. In 2021/22 the liability stood at R159,702 million compared to the R160,293 million of 2020/21. The decrease is ascribed to payments made during the year: the liability decreases as members exited office.

*Post-employment travel benefit*

3.3.7 Parliament provides domestic travel benefits to former members and former executives (ministers and deputy ministers), and their spouses. The travel privileges come into effect on the first day following the date on which they relinquish their office, and exclude journeys made when vacating state-owned residences for their private residences. Beneficiaries receive a set travel allocation each calendar year. Unused allocations do not carry over to the following year. The decrease of 56 percent—from R112,763 million in 2020/21 to R49,178 million in 2021/22—is due to the reduction in benefits following changes to the policy on travel facilities for former members of parliament and the executive.

*Long Service Awards*

3.3.8 The long service awards are paid to employees in recognition of their years of service to Parliament. As of 1 April 2019 such awards are monetary. The 5 per cent decrease in the liability from R10 907 million in 2020/21 to R10 357 million in 2021/22 is ascribed to the increase in discount and assumed withdrawal rates of employees before reaching the qualifying period.

**Current liabilities**

*Finance lease obligations*

3.3.9 The finance lease liability comprises the cellphone, tablet and modem contracts, and laptops for parliamentarians and employees. The average lease term was two years. The increase of 24,40 per cent, from R5,898 million in 2020/21 to R7,337 million in 2021/22, is due to the increase and renewal of the lease contracts for cellphones and laptops/tablets.

*Payables from Exchange Transactions*

3.3.10 These are all monies owed to service providers for goods and services provided. The 17 per cent increase from R44,043 million in 2020/21 to R51,477 million in 2021/22 was due to services rendered close to the end of the year for which some service providers did not provide invoices and could therefore not be paid.

*Payables from non-exchange transactions*

3.3.11 Payables from non-exchange transactions comprise disability support and political party transfers provided to political parties represented in Parliament. The 49 per cent decrease from R5,654 million in 2020/21 to R2,894 million in 2021/22 was due to a decrease in the demand for disability support, and one party not receiving its transfer before the end of the financial year.

*Current employee benefits*

3.3.12 Current employee benefits are the short term benefits owed to staff for the services rendered and include provisions for leave liability, performance bonuses, salary savings, long service awards and overtime worked, and will be paid during the following year, and any other monies owed to staff for services rendered. This also includes Members’ benefits for gratuities, current post medical benefits and current travel benefits.

3.3.13 There was an increase of 5 per cent in the employee benefit liability i.e. from R97,147 million in 2020/21 to R101,857 million in 2021/22. The increase was due to provision made for performance bonuses not paid in the prior year, an increase in overtime not paid by year-end and an increase in long service awards to qualifying employees.

3.3.14 Members current benefits increased by 40 per cent from R98,847 million in 2020/21 to R138,391 million in 2021/22. The increase is mostly ascribed to payments expected to be made in the following year in relation to post-retirement medical aid and travel benefits; and loss of office gratuity benefits.

*Provisions*

3.3.15 Provisions relate to the legal cases where Parliament is liable to pay costs but for which the the bill of costs has not yet been received from Department of Justice and Constitutional Development. The amount is an estimate based on past experience. The 27 per cent decrease from R11,9 million in 2020/21 to R8,646 million in 2021/22 is due to the payment/reversal of provisions and no additional provision made by for year under review.

**Non-current assets**

*Cash and cash equivalents*

3.3.16 The main purpose of the cash is to fund Parliament’s business and is not for investment. The cash is requested from the National Treasury each month. Parliament submits, on a monthly basis, requisitions to the National Treasury based on the annual budget and cash flow projections. The 48,18 per cent increase cash and cash equivalents from R326,140 million in 2020/21 to R483,286 million in 2021/22 is attributed to the increase in the investment of funds not used during the lockdown period.

*Receivables from exchange transactions*

3.3.17 The significant increase under this item, from R1,589 million in 2020/21 to R8,058 million in 2021/22, is due to the increase in catering sales as the lockdown restrictions were eased, and the accrued interest earned on the increased cash balance.

*Property, Plant and Equipment*

3.3.18 This item relates to furniture, equipment, motor vehicles, computer equipment and library books. There has been no significant change. Disposals, impairment loss and depreciation and additions amounted to R36,419 million and R35, 465 million, respectively. The increase in additions was due to the replacement of equipment and ICT equipment destroyed in the 2 January 2022 fire on the precinct.

3.3.19 The 100 per cent increase in impairment loss is also as a result of assets that were destroyed in the fire. As the buildings affected by the fire could not be accessed before the end of the financial year, the conditions of assets affected could not be assessed. All assets were therefore assumed to have been damaged, and were therefore impaired. Once it is safe to access the buildings an assessment of the damage will be made. Assets that can still be used will be re-instated and the impairment loss reversed.

*Intangible assets*

3.3.20 This item decreased from R6,965 million in 2020/21 to R4,821 million in 2021/22. The 31 per cent decrease was due to a reduction in the software purchased.

*Heritage Assets*

3.3.21 A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations. The heritage assets are not depreciated because they have a long economic life. The 9 per cent decrease from R55,520 million in 2020/21 to R50,280 million in 2021/22 is due to the impairment of assets that were destroyed in fire incident.

**Current Assets**

*Statutory receivables*

3.3.22 The 11,63 per cent decrease from R34,139 million in 2020/21 to R30,170 million in 2021/22 is ascribed to less paid in respect of office and exit gratuities over and above members’ remuneration.

*Pre-payments*

3.3.23 Pre-payments include payments in advance for contingencies, subsistence and travel advances, petty cash advances, internal travelling and other pre-payments for subscriptions to professional bodies. Pre-paid expenses relate to the portion of the payments made relating to periods in the next financial year e.g. annual subscriptions and membership fees. The increase of 13 per cent from R10,494 million in 2020/21 to R11,828 million in 2021/22 is ascribed to pre-payments made to the Department of International Relations and Cooperation (DIRCO) for arranging international travel for staff and parliamentarians. No such pre-payments were made in the previous year as no international travel was possible at the height of the Covid-19 pandemic.

**3.4 Irregular, and Fruitless and Wasteful Expenditure**

3.4.1 Table two below illustrates the irregular, fruitless and wasteful expenditure incurred in 2022 as compared to the previous year.

|  |  |  |
| --- | --- | --- |
| **Details** | **2022** | **2021** |
| **Irregular Expenditure**  Opening balance  Add: Irregular Expenditure - current year  Less: Condoned | 0  2,132  0 | R0  R0  R0 |
| **TOTAL** | **2,132** | **R0** |
| **Fruitless and Wasteful Expenditure**  Opening Balance  Add: Fruitless and Wasteful expenditure – current year  Add: Expenditure identified - prior period  Less: Amounts condoned | 103  0  0  -51 | 40  23  52  -12 |
| **TOTAL** | **52** | **103** |
| **Details of Fruitless and Wasteful Expenditure**  Interest on Late Payments | 52 | 103 |

**Table 2: Irregular, and Fruitless and Wasteful Expenditure (Source: Parliament of the RSA)**

3.4.2 The cases of fruitful and wasteful expenditure totalling R51 000 that were disclosed in the prior year were condoned. One case amounting to R52 000 relates to the prior year, but was only discovered and disclosed in the current year. Parliament engaged the South African Revenue Service (SARS) on the latter, and SARS committed to assisting with filing which should be done when the payment is made.

3.4.3 The R2,132 million in irregular expenditure relates to transfers made to political parties represented in Parliament that were in excess to what was provided for in the policy on transfers to political parties.

**4. Performance across programmes**

In 2021/22 Parliament measured 12 performance indicators all of which were met or exceeded. This section summarises the purpose of each of the three programmes, and the reported performance against targets.

**4.1 Annual Performance Plan Indicators**

4.1.1 As stated above the Annual Report is based on the tabled 2021/22 APP which was aligned to the Sixth Parliament’s Strategic Plan.

4.1.2 The Parliamentary Service provides the support services required by Parliament and its members to effectively fulfil their constitutional functions and obligations. The Parliamentary Service must provide these key inputs in order for the institution to become effective and efficient, and to achieve its stated outcomes.

4.1.3 The above-mentioned inputs relate to members’ capacity-building, advisory and information services, and related facilities and support services used in the activities of Parliament.

4.1.4 Client satisfaction with services is measured through a survey conducted quarterly with all parliamentarians. The survey methodology gives direct feedback on where services can be improved. Services are rated along five dimensions most statistically correlated

to client satisfaction. Each indicator is measured along the dimensions of usefulness, reliability, timeliness, ease of access, and for core business services, fairness. The final results are an average of the responses received.

4.2 *Programme 1: Administration*

4.2.1 Programme 1 provides strategic leadership, governance, management, corporate and support services to Parliament. It consolidates three former programmes namely Strategic Leadership and Governance, Administration and Support Services. Programme 1 comprises the following sub-programmes: Executive Authority, Office of the Secretary, and Corporate and Support Services.

4.2.2 The administration has identified the following key focus areas for 2021/22:

- addressing the future way of work through the development of a new business model for the Parliamentary Service;

- redesigning and optimising core and support business processes through technology;

- upskilling and re-skilling programmes especially in relation to the effective use of technology;

- specialised skills programmes for expertise and specialisation;

- continuous innovation and improving of processes and skills, allowing for co-creation and value adding;

- integrating service offerings through a collaborative approach where service recipients are offered a holistic response;

- providing policy, tools and facilities for remote conditions; and

- implementing virtual meetings and collaboration platforms.

4.2.2 As this programme, in the main, reflects inputs for operations, the related performance information is accommodated in operational plans. As illustrated in the table below, both indicators in this programme exceeded their targets.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Parliamentary Service** | **Indicator** | **Annual target** | **Annual Performance** | **Variance** | **Status** | **Reasons for Variance/ Mitigation** |
| **Digital service** | % Member satisfaction | 74% | 85,18% | +11,18 | Exceeded |  |
| **Facilities management service** | % Member satisfaction | 60% | 75,63% | +15,63 | Exceeded |  |

**Table 3: Programme 1 performance**

4.2.2 Both the Digital Service and the Facilities Management Service performed well, with Digital Services and Facilities scoring highest for reliability and usefulness, respectively.

4.2.3 In terms of performance trends, digital technology continued to fundamentally transform the work of Parliament, simultaneously creating innovative opportunities and posing new challenges. Parliament’s response to the Covid-19 pandemic resulted in an accelerated digitalisation. The 2 January 2022 fire had minimal impact on the availability of critical systems and the network. The back-end broadcasting and related ICT infrastructure were damaged, however.

4.3 *Programme 2: Legislation and Oversight*

4.3.1 Programme 2 provides for support services for the effective functioning of the National Assembly (NA) and the National Council of Provinces (NCOP) including procedural, legal and content advice; information services and record keeping; and secretarial and support services for the houses and their committees. The programme covers the core business of Parliament and focusses on the outputs, activities and inputs related to legislation and oversight functions.

4.3.2 The programme comprises the following sub-programmes: NA (House; Committees); NCOP (House; Committees); Public Participation and External Relations; Shared Services; Sectoral Parliaments and Joint Business.

4.3.3 As of 2021/22 Parliament implemented a new programming framework with a shift towards dedicated constituency, committee and plenary weeks. The new framework was also intended to allow for the scheduling of joint committee and joint inter-sectoral work.

4.3.4 In respect of members’ capacity building, the institution intended to do continuous needs assessments; improve co-ordination and co-operation between role-players; integrate individual capacity building programmes; and initiate processes to measure the usefulness of the programmes.

4.3.5 In respect of Knowledge and Information Services (KIS), the institution identified the following objectives for 2022/3:

- to develop a 3-year research plan in support of the oversight plan;

- to coordinate the various information providers into an integrated and seamless delivery model;

- to ensure equal access to information services;

- to forge improved collaboration with partners;

- to augment the information dissemination process, ensuring improved packaging, information simplicity, and ease of use of information products;

- to introduce institutional standards and quality management processes to ensure quality and objectivity;

- to establish a Research Advisory Panel to guide and advise information services; and

- to implement an institutional knowledge management strategy, ensuring institutional data and information management processes.

4.3.6 To expand public participation the institution intended to:

- implement interventions focussing on public education and information, mobilising public stakeholders, and the use of digital and preferred platforms, with virtual public meetings, e-hearings and e-petitions;

- broaden cooperation with partners and stakeholders in the legislative sector, government, community organisations, constituencies; and

- consolidate current programmes, capacities and resources into a single service to support public participation activities.

4.3.7 Table 4 below illustrates performance across this programme.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Parliamentary Service** | **Indicator** | **Annual target** | **Annual Performance** | **Variance** | **Status** | **Reasons for Variance/ Mitigation** |
| **Programming Service** | Number of annual parliamentary frameworks adopted | 1 | 1 | 0 | Met |  |
| Number of NA programmes adopted | 4 | 4 | 0 | Met |  |
| Number of NCOP programmes adopted | 4 | 4 | 0 | Met |  |
| **Capacity Building Service** | Percentage members satisfaction | 65% | 71,18% | +6,18% | Exceeded |  |
| **Research service** | % Member satisfaction | 70 | 81,62% | 11,62% | Exceeded |  |
| **Content advice service** | % Member satisfaction | 70 | 81,05% | 11,05% | Exceeded |  |
| **Procedural advice service** | % Member satisfaction | 70 | 77,43% | 7,43% | exceeded |  |
| **Legal advice service** | % Member satisfaction | 65 | 77,85% | +12,85% | Exceeded |  |
| **Committee support service** | % Member satisfaction | 70 | 83,52% | +13,52% | Exceeded |  |
| **Public Participation Service** | % members satisfaction | 60 | 74,85 | 14,85 | Exceeded |  |

**Table 4: Programme 2 performance**

4.3.8 The South African Parliamentary Institute (SAPI) was launched on 9 December 2021 by the South African Legislative Sector to provide accelerated development of the requisite human capital. For capacity building services, usefulness scored the highest in the survey.

4.3.9 One hundred and eighty members of Parliament and provincial legislatures participated in capacity building programmes during the 2021/22 financial year. They participated in the following three programmes: Advanced Certificate in Governance and Public Leadership (University of Witwatersrand); Masters programme in Governance and Leadership (University of Witwatersrand); and a postgraduate diploma in Public Policy and African Studies (University of Johannesburg).

4.3.10 Despite the fire in January 2022, Committees continued to adapt to the new technology-based way of working. Committee Support scored the highest in the survey in the category “Ease of access”. Committee support services included the provision of content and logistical support to 1 217 committee meetings; 60 Committee reports for programming meetings NA (46) and NCOP (14); 1 054 committee minutes; and 330 committee reports.

4.3.11 Legal advice scored highest on reliability with 32 written legal opinions provided to committees; 40 written legal opinions to the administration and 57 legal contracts drafted.

4.3.12 Research Services scored highest on “usefulness”, content advice scored highest on timeliness and procedural advice scored highest on reliability. The following services were provided: 84 sets of order papers, guides, and house minutes (National Assembly); 332 House resolutions adopted and communicated to Executive (National Assembly); 46 sets of Order Papers, Guides, and House minutes (National Council of Provinces); 36 House resolutions adopted and communicated to the Executive (National Council of Provinces); and 158 ATCs (Announcements, Tablings and Committee Reports as part of the House Papers).

4.3.13 Physical oversight visits, public hearings, committee meetings and certain ad hoc committee meetings of Parliament increased in the period under review compared to the previous year. Parliament’s swift adoption of technology during the Covid-19 lockdowns has provided the public with greater access to information and live streaming of proceedings of committees and the Houses.

**Part B: Report of the Auditor General of South Africa**

**5. Audit Outcome**

5.1 The AGSA confirmed the audited financial statements of Parliament as set out in the Annual Report. They confirmed that the audited financial statements of Parliament present fairly, in all material aspects. The AGSA further found that Parliament complied with FMPPLA. Audit evidence obtained by the auditors was sufficient and appropriate to provide a basis for the audit opinion.

* 1. Parliament obtained an unqualified audit opinion with emphasis of matters on irregular expenditure, of R2,1 million due to over-payments when transferring funds to political parties. The Auditor-General also expressed emphasis of matters on material impairments of Property, Plant and Equipment of R12,3 million, and heritage assets of R5,2 million due to damage caused by the 2 January 2022 fire.
  2. The AGSA did not identify any significant deficiency in internal controls, or any material finding in respect of compliance to relevant legislation.
  3. No material findings were made in relation to the usefulness and reliability of information to determine, whether it is valid, accurate and complete.

**Part C: Report of the Audit Committee**

The Audit Committee is an independent statutory committee established in terms of section 47 of the FMPPLA. The Committee’s terms of reference are formalised in the Audit Committee Charter as approved by the Executive Authority. Overall, in the period under review, the Committee operated in terms of its mandate as set out in the FMPPLA and the Charter.

**7. Audit Committee concerns and recommendations**

7.1 In respect of risk governance, the audit committee raised concern about the lack of capacity to ensure implementation of a robust risk management programme, and recommends further improvement of the risk management practices. In particular, the management was advised to improve its risk governance processes, including the functioning of the Risk Management Committee and use of the organisational redesign process that is underway to determine the most suitable resourcing model for Parliament’s governance, risk management and compliance functions.

7.2 In respect of the Internal Audit Unit the Audit Committee was satisfied that it operated effectively and addressed pertinent risks in its audits. However, the Committee remained concerned about the structure and resourcing of the unit as the frozen positions impacted negatively on its ability to cover the institution’s audit universe and fully deliver on its mandate.

7.3 The audit committee reported that combined assurance was still at infancy in the institution. It was committed to work with the management to further improve in this area to eventually attain fully integrated and streamlined assurance provision across all lines of assurance. A draft Combined Assurance and Implementation Plan has been developed for consideration.

**Part D: Observations**

**8. Observations**

8.1 The Committee welcomes the unqualified outcome with no material findings, which the institution has sustained for the past eight financial years.

8.2 The Committee shares the Audit Committee’s concerns about the functioning of the Internal Audit Unit which is a critical component of the institutions compliance infrastructure.

8.3 As noted on previous years, the Committee is concerned about the liability posed by Parliament’s obligations in respect of the contributions to Parmed Medical Aid Scheme for former members of Parliament and provincial legislatures.

8.4 The Committee notes that progress was being made as far as negotiations for a sustainable budget for Parliament which recognises its status as an independent arm of state.

8.5 The Committee remains concerned about the lack of progress as far as the appointment of a chief financial officer, and a head of the Parliamentary Protection Service.

**Part E: Recommendations**

**9. Recommendations**

The Executive Authority should, within 30 days of the adoption of this report by both houses of Parliament, provide the Committee with a report on the implementation of these recommendations, and /or the reasons why implementation is not possible.

9.1 Parliament should ensure that the concerns raised by the Audit Committee, in particular those challenges that impact combined assurance and the functioning of the internal audit unit be addressed urgently. Progress reports should be made on a quarterly basis.

9.2 The filling of the posts of Chief Financial Officer and Head: Parliamentary Protection Services should be filled as a matter of urgency. Continued lack of leadership and stability in these two areas will continue to impact the institution negatively.

9.3 As in 2021 the Committee recommends that discussions around how to resolve the Parmed matter be expedited so as to ensure Parliament does not bear the liability. The Committee should be provided with a progress report detailing the proposals that have been made for an alternative vehicle for this liability.

9.4 The Committee again recommends that the Executive Authority and the Minister of Finance find a constructive solution to the budgetary challenges, which will ensure that Parliament can deliver on its constitutional mandate.

9.5 The Committee acknowledges that Parliament’s negotiations with National Treasury would benefit from a well-informed budget process, that includes processes to guide negotiations

with National Treasury, and again recommends that such be developed and tabled for the Committee’s information within 90 days of the adoption of this report.

**Report to be considered.**