

WESTERN CAPE PROVINCIAL PARLIAMENT



REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT FOR THE YEAR ENDED 31 MARCH 2022

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REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT FOR THE YEAR ENDED 31 MARCH 2022, DATED

1. Introduction

The Annual Report of the Western Cape Provincial Parliament (the WCPP) was tabled for the 2021/22 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No.10 of 2009), (FMPPLA) and referred to the Parliamentary Oversight Committee (POC) on Wednesday, 21 September 2022 (refer to "ATC 106-2022"). The Annual Report (AR) of WCPP serves to provide a record of the activities and performance of the administration of the WCPP and to promote accountability for decisions made during the financial year under review. The performance of the WCPP is measured against the performance targets and budget outlined in the WCPP 2020/21– 2024/25 Strategic Plan, including the Annual Performance Plan of the WCPP for the 2020/21 financial year.

The purpose of FMPPLA is to regulate the performance and financial management of the legislatures in South Africa in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently; to provide for the responsibilities of persons entrusted with financial management; and to provide for matters connected therewith. In compliance with the spirit of Section 4 of the Act, the Committee considered the AR of the WCPP to maintain oversight of the performance indicators and financial management of the WCPP for the specific financial year under review. In addition to regulating the financial management of the WCPP, the FMPPLA mandates the POC to conduct oversight over the performance information, governance and human resource functions of the Institution through its annual reports. Section 4(1)(b) of the FMPPLA provides the Committee with this mandate.

The members of POC deliberated on the various sections of the Annual Report of the WCPP for the 2021/22 financial year, as follows:

- 1.1. Part A: General Information,
- 1.2. Part B: Performance Information,
- 1.3. Part C: Governance,
- 1.4. Part D: Human Resource Management, and
- 1.5. Part E: Financial Information.

The Annual Report of the WCPP 2021/22 was tabled on time, according to Treasury and other prescripts. The Annual Report programme for the 2021/22 financial year was advertised in the three official languages of the Western Cape in various newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.

2. Overview

The Committee met on 11 October 2022 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the audit outcomes of the 2021/22 financial year for the WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (AC) whose role is to ensure that the WCPP functions according to good governance principles, complies with accounting and audit

standards and monitors that appropriate risk management arrangements are in place. The AC also monitors the adequacy and reliability of the financial information provided by the WCPP.

The methodology of the Committee was to meet with these stakeholders to benefit from their findings and possible concerns with the aim of assisting the Committee to have a constructive oversight engagement with WCPP.

Thereafter, the Committee met with the WCPP beginning with introductory comments made by the Speaker, Deputy Speaker and the Secretary of the WCPP.

A section-by-section oversight discussion ensued with the management of the WCPP on the aforementioned parts which comprise the AR of the Institution.

3. Audit Opinion

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2021/22 financial year of the Institution, having obtained clean audit report. This audit opinion remains unchanged from the 2020/21 financial year.

The AGSA raised no findings with the Institution on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

4. Corporate Governance

Corporate Governance regulates the exercise of power within an Institution with the aim to ensure that the Institution's purpose is achieved, which encompasses:

- the creation and ongoing monitoring of an appropriate and dynamic system of checks and balances to ensure the balanced exercise of power within a company;
- the implementation of systems to ensure compliance with legal and regulatory obligations;
- the implementation of processes to identify and manage risks to the sustainability of the Institution's business; and
- the development of practices which make and keep the Institution accountable to the Institution's identified stakeholders and the broader society in which it operates.

During the 2021/22 financial year, the Audit Committee completed the following assurance engagements, as follows:

- Records Management (Assurance);
- Management of Government Motor Transport (Assurance);
- Regulatory Compliance (Assurance);
- Research Management (Assurance); and
- Protection of Personal Information Act (Assurance).

During the 2021/22 financial year under review, seven invoices with an accumulated value of R168 571,77 were settled in excess of the 30-day payment regulation. The reasons related to the breakdown

of internal controls in submitting the invoices timeously for payment. However, the Institution investigated and identified the root causes which caused the internal control breakdown and implemented remedial mechanisms with the aim to avoid a future recurrence of such internal control weaknesses. Notes 34 and 35 of the Annual Financial Statements refers to the fruitless and wasteful, as well as the irregular expenditures during the year under review.

No fraud and corruption activities were detected or reported during the 2021/22 financial year.

5. Performance Information

In terms of the performance indicators for the year under review, the Institution achieved 25 indicators, compared to the 33 predetermined indicators that were set at the beginning of the 2021/22 financial year. This resulted in eight performance indicators not being met, primarily from Programme 1: Governance, Leadership and Administration; Programme 2: Parliamentary Support Services and Programme 3: Public Engagement. A synopsis of the overall performance indicators, can be summarised as follows:

| Programme | Performance Indicators/ Planned targets | Achieved | Not/ Partially achieved |
|--|---|-----------|-------------------------|
| Programme 1: Governance, Leadership and Administration | 9 | 7 | 2 |
| Programme 2: Parliamentary Support Services | 11 | 9 | 2 |
| Programme 3: Public Engagement | 11 | 7 | 4 |
| Programme 4: Members' Support | 2 | 2 | - |
| Total | 33 | 25 | 8 |

6. Financial Management

For the year under review, the Western Cape Provincial Parliament spent R157,425 million from a budget of R169,711 million, which resulted in an under-expenditure of R12,282 million (92,7% budget spend). During the 2020/21 financial year, the Western Cape Provincial Parliament spent R142,944 million of an appropriated budget of R151,928 million, which resulted in an underspending of R8,984 million (94% budget spend).

The under-expenditure of R12,282 million for the 2021/22 financial year occurred under the following programmes:

- Programme 1: Governance, Leadership & Administration (R8,390 million);
- Programme 2: Parliamentary Support Services (R734 000);
- Programme 3: Public Engagement (R1,021 million); and
- Programme 4: Members Support (R1,597 million).

In addition, the Institution's total estimated revenue budget of R72 000 was over-collected by R425 000, which resulted in a departmental receipt of R413 000. The over-collection on revenue occurred under the following line items:

- Sale of goods and services other than capital assets (R15 000);

- Interest, dividends and rent on land (R182 000);
- Sale of Capital Assets (R16 000); and
- Financial Transactions in assets and liabilities (R138 000).

During the 2021/22 financial year the Institution recorded three cases of irregular expenditure with a total value of R693 791 which was condoned, as well as two cases of fruitless and wasteful expenditure with a total value of R2,160 which was reported.

7. Recommendations by the Committee

| <u>Reference</u> | <u>Resolution</u> | <u>Action date</u> |
|---|---|---|
| <p>Page: 29</p> <p>Heading: <i>"Precinct Management"</i></p> <p>Matter: The Committee notes that the WCPP and Department of Transport and Public Works signed a service level agreement (SLA) on 12 October 2021, which includes that a maintenance schedule be implemented to track the progress of maintenance matters against the SLA.</p> | <p>7.1 That the Institution brief the Committee on the SLA that was included, including the maintenance schedule for the 2021/22 financial year and the User Asset Management plan for WCPP.</p> <p>The briefing should also include the exact physical parameter of the WCPP, including how members and staff can safely access the Institution from the C&D garage.</p> | <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> |
| <p>Pages: 51</p> <p>Heading: <i>"Subprogramme: Hansard Services"</i></p> <p>Matter: The Committee notes that the Institution aimed to improve the administrative efficiency relating to the Hansard Services.</p> | <p>7.2. That the Institution brief the Committee with an actual live demonstration on how to find and extract information from Hansard on the WCPP website.</p> | <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> |
| <p>Page: 69</p> <p>Heading: <i>"Subprogramme: Public Education and Outreach"</i></p> <p>Matter: The Committee notes that the Institution increased opportunities for the public to participate in the Legislature's activities.</p> | <p>7.3. That the Committee be briefed by the Parliamentary Monitoring Group on the accessibility of extracting information from its website, including how the WCPP can adopt a similar approach.</p> <p>7.4. That the Committee also be briefed by the Public Education and Outreach Unit (PEO) on its collaborating activities with the Committees</p> | <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> |

| | | |
|---|---|---|
| | <p>Support Section on managing inputs received via petitions from the public; including a briefing from the delegation who visited the Scottish Parliament and lessons-learnt in terms of the management of petitions.</p> <p>7.5. That the PEO brief the Committee on how it plans to enhance public participation in the House and Committees meetings for the 2022/23 and 2023/24 financial years.</p> | <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> |
| <p>Page: 77</p> <p>Heading: <i>"Subprogramme: Enabling Allowance"</i></p> <p>Matter: The Committee notes that the enabling allowances are in place to compensate members of WCPP for expenses relating to official travel, accommodation and telecommunication.</p> | <p>7.6 That the Institution brief the Committee on the implementation and management of the enabling allowances against the FMPPLA.</p> | <p>Briefing to be scheduled by the Parliamentary Oversight Committee.</p> |

8. Information requested from WCPP

8.1. The Committee REQUESTED that the WCPP provides the Committee with the following information by 12 December 2023:

- 8.1.1. A copy of the Public Education and Outreach database, as indicated on page 69 of the Annual Report.
- 8.1.2. A report on the Institution's plan to respond to its current practise of partial working from home for employees in terms of the Working-from-home policy, considering load-shedding and connectivity challenges, as indicated on page 99 of the Annual Report.
- 8.1.3. A legal opinion on whether members are considered as staff of the Institution, as verbally referred to in the meeting of Tuesday, 11 October 2022.
- 8.1.4. A copy of all the internal polices which were amended from the start of the 6th Provincial Parliament to date.

9. Inputs received from the public

Members of the public were provided an opportunity to pose questions or make oral submissions, based on the contents of the 2021/22 Annual Report of the WCPP. However, no members of the public were present in the meeting to pose questions or to make oral submissions.

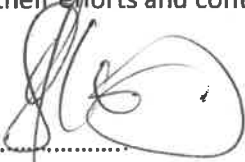
10. Conclusion

The Committee commends the WCPP for maintaining an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.

The Committee will continue to engage with the Institution on its budget, performance indicators and the implementation of legal requirements, including any outstanding matters that were identified in the sections, which contains the Committee's request for information.

11. Acknowledgments

The Chairperson expressed the appreciation of the Committee for the inputs of the various role-players, such as the Auditor-General of South Africa and the Audit Committee, to enhance the oversight work of the Committee which relates to the Annual Report of WCPP for the year ending 31 March 2022. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.



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MS LM MASEKO

CHAIRPERSON: PARLIAMENTARY OVERSIGHT COMMITTEE

DATE: 07/12/2022