

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 2023

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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 2023, DATED 29 NOVEMBER 2023

1. Introduction

The Annual Report (AR) of the Western Cape Provincial Parliament (WCPP) was tabled for the 2022/23 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act [Act No.10 of 2009], (FMPPLA) and referred to the Parliamentary Oversight Committee (POC) on Thursday, 28 September 2023 (refer to "ATC 102-2023"). The AR of WCPP serves to provide a record of the activities and performance of the administration of WCPP and to promote accountability for decisions made during the financial year under review. The performance of WCPP is measured against the performance targets and budget outlined in the WCPP Strategic Plan 2020/21-2024/25; including the Annual Performance Plan of WCPP for the 2022/23 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 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 AR of the WCPP for the 2022/23 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 AR of the WCPP 2022/23 was tabled on time, according to Treasury and other prescripts. The AR programme for the 2022/23 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 18 October 2023 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the audit outcomes of the 2022/23 financial year for WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (AC) whose role is to ensure that 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 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 which began 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 WCPP on the aforementioned parts which comprised of the AR of the Institution.

3. Audit Opinion

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2022/23 financial year of the Institution, having obtained clean audit report. This audit opinion remains unchanged from the 2021/22 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 a system to ensure compliance with legal and regulatory obligations;
- the implementation of a process to identify and manage risks to the sustainability of the company's business; and
- the development of practices which make and keep the company accountable to the company's identified stakeholders and the broader society in which it operates.

During the 2022/23 financial year, the AC completed the following assurance engagements, as follows:

- Hansard Services;
- Capacity Building and Members Support;
- ICU Assessment;
- OHS Oversight external visits; and
- Petitions

Nine invoices with an accumulated value of R359,808 were settled in excess of the 30-day payment regulation, during the period under review. The reasons related to the breakdown of internal controls in submitting the invoices timeously for payment.

No fraud and corruption activities were detected or reported during the 2022/23 financial year.

5. Performance Information

In terms of the performance indicators for the year under review, the Institution achieved 21 indicators, compared to the 26 predetermined indicators that were set at the beginning of the 2022/23 financial year. This resulted in 5 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 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	8	6	2
Programme 3: Public Engagement	8	7	1
Programme 4: Members' Support	1	1	0
Total	26	21	5

6. Financial Management

During the 2022/23 financial year, the WCPP's year-end expenditure totalled R174,797 million of a budget of R187,175 million; which resulted in an under-expenditure of R12,378 million (93% budget spend). However, for 2021/22 financial year, the Western Cape Provincial Parliament spent R157,429 million of an appropriated budget of R169,711 million, which resulted in an under-spending of R12,286 million (92,8% budget spend).

The under-expenditure of R12,378 million occurred under the following programmes:

- Programme 1: Governance (Leadership) & Administration (R7,713 million);
- Programme 2: Parliamentary Support Services (R494 000);
- Programme 3: Public Engagement (R1,816 million); and
- Programme 4: Members Support (R2,355 million).

In addition, the Institution's total estimated revenue budget of R78 000 was over-collected by R1,943 million, which resulted in a departmental receipt of R2,021 million. The over-collection on revenue occurred under the following line items:

- Sale of goods and services other than capital assets (R41 000 over- collection);
- Interest, dividends and rent on land (R426 000 over-collection);
- Sale of Capital Assets (R83 000 over-collection); and
- Financial Transactions in assets and liabilities (R1,471 million over-collection).

During the 2022/23 financial year the Institution recorded two new cases of fruitless and wasteful expenditure which totalled R43 279, whilst there were two cases of irregular expenditure had a total value of R22 066. The two cases of irregular expenditure were condoned during the financial year under review.

7. Emerging Risks

7.1. New pronouncements

7.1.1. The Committee notes the inputs of the AGSA that a new pronouncement was issued by the Accounting Standard Board which might be considered as an emerging risk to the standards of GRAP, as follow:

GRAP pronouncements	Effective date
Accounting standards, pronouncements or legislation: GRAP 25 on <i>Employee benefits</i> (revised)	1 April 2023
Accounting standards, pronouncements or legislation: GRAP 104 on <i>Financial instruments</i> (revised)	1 April 2023
Accounting standards, pronouncements or legislation: iGRAP 7 on <i>The limit on a defined benefit asset, minimum funding requirements and their interaction</i> (revised)	1 April 2023
Accounting standards, pronouncements or legislation: iGRAP 21 on <i>The effect of past decisions on materiality</i>	1 April 2023

The Committee indicated that it will monitor the implementation of GRAP pronouncement within the Institution once an effective date has been confirmed and communicated.

8. Recommendation/s by the Committee

None

9. Information requested from the WCPP

9.1. A copy of the Records Management Audit which took place during March 2023.

10. 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 2022/23 AR of WCPP. However, no members of the public were present in the meeting to pose questions or to make oral submissions.

11. Conclusion

The Committee commends 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 aforementioned sections, which contains the Committee's request for information.

12. Acknowledgments

The Chairperson expressed the appreciation of the Committee for the inputs of the various role-players, such as the AGSA and the AC, to enhance the oversight work of the Committee which relates to the AR of WCPP for the year ending 31 March 2023. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.



MS W KAIZER-PHILANDER
CHAIRPERSON: PARLIAMENTARY OVERSIGHT COMMITTEE
DATE: 29 November 2023