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BY THE HONORABLE SPEAKER, MS THANDI MODISE



The new dispensation has imposed immense responsibilities on the legislative system to reflect all participatory governance practice and/or democratic ethos. The North West Legislature is equally charged with the pursuance and realization of this missionary object of bringing government closer to the people and to make law-makers respond relevantly and focused to pressing socio-economic imperatives that have for a long time defined our citizenry's mode of self-

expression and assertion in the world of their forebears.

It has always been our wish never to subject ourselves to outmoded systems which have elongated the line of service delivery of basics services to the multitudes of our province. It has also been our object never to surrender and/or submit to the spirit of fatalism that has, instead of facing the province's challenges head-on, always sought ways and means to justify their (challenges) insurmountability. We cannot, for the sake of the generation that has gone past and for both the current and future generations, afford not to infuse a sense of passion and integrity into our modes and patterns of public representation and service provisioning. To this end, this has become the manner in which the Legislature has become known to those who looked up to it for leadership and guidance.

The province has, through the intervention of the Legislature, responded adequately to the challenge of pushing back the frontiers of poverty and underdevelopment. It has indeed sought and successfully managed to deepen our people's conceptualization of a North West that belongs to all who live in it, irrespective of their biological make-up, background and/or orientation. Our citizens have seen improvement in their lives through the interventions which the Legislature has made. We have, as a collective, created a conducive environment for the electorate to attach more value to their vote, their expressed will for improvement of their communities and surroundings.

We however, made measurable progress in our intent to take the parliament to the people, developing and review of policies and improvement of our Information Technology Systems. We are happy with the enthusiasm, which the employees have demonstrated. The employment of new employees and implementation of the new organizational structure will ensure that effective and efficient management exists to respond adequately to Member's expectation in respect to conducting public hearings, and attending to other oversight related activities.



FOREWORD

The joint retreats that were hosted by the Legislature have also helped the Legislature to address itself to how best it could support members of the Legislature and how such support would translate in better fulfillment of the Legislature's strategic role and mandate. We have also lived to see the realignment of various service offerings of the Legislature, which have become more professional, focused and output-driven. All the above interventions, including many which could not be mentioned, have strengthened our resolve to be a Legislature that provides a distinct and accessible service to the citizens of the province, a Legislature that would be a major contributor to the country's reconstruction and development at this age of our democracy.

We are, in the process of redressing the bias that existed for some time towards clarifying the support and core functions in a way that would help the Legislature focus better on its key responsibilities. For instance, the financial responsibilities are, currently, split between the Chief Financial Officer (CFO) and the Executive Authority, which is not in line with the prescripts of the Public Finance Management Act, 1999 (PFMA). This is an example of some of the areas that compromises our quest to provide unbridled services to Members of the Legislature in order for them to fulfill their constitutional mandate of a bringing to practical reality a "better life for all".

The Legislature has to have an integrated financial and human resources system. It (the Legislature) has to strive to develop a dynamic interaction with the National Council of Provinces (NCOP) as the standing framework fails to equal our expectations. It is important that, amongst other improvements that are envisaged, the finance unit be capacitated to confer treasury responsibilities to the Executing Authority and the administrative activities should be in conformity with best practices of our country.

It has been a better year. We have learned from the shortcomings of our human capital and our legislative system. We have garnered more confidence in our ability to hear and respond to the problems that have for millennia beset our people. We have developed a finer understanding of our role and have struck a better accord between our mandate and our resource constraints. We cannot fail our people, the majority of whom look up to the legislature for leadership. With the full cooperation of all tiers of the provincial government, this Legislature can only be the best ever which this country would have produced during this time of our existence.



Hon. Speaker TR MODISE
THE NORTH WEST LEGISLATURE



STATEMENT BY THE ACCOUNTING OFFICER

DR BABA SCHALK



On behalf of the entire employees of the Legislature, from the lowest to the highest level, it gives me great pleasure to present the Legislature's report for the 2004 - 2005. This report mirrors our collective efforts in respect to our achievements and future challenges as encapsulated in our Strategic Plan which was tabled in the Legislature on the 31 March 2004.

In general terms, the core functions of all employees of the Legislature is to render professional assistance to all elected members in our Legislature to enable them to execute their Constitutional mandate of making laws, exercise oversight and to deepen the culture of participatory democracy.

In this context, I am privileged and indeed honoured to table this report to the Legislature and also make it available to the public and any other interested individuals, bodies and institutions. The following is the summation major events and activities for the twelve months period (March 2004 - April 2005).

1. THE NEW ORGANOGRAM

In our attempt to resolve all matters which were associated with the old organogram such as the span of control of the top management between the Secretary and Deputy Secretary was not conducive to proper delineation of management roles, managers represented a difficult managerial workload, given the dissimilar functional spread, a heavy bias towards support functions instead of operations or core functions, a lack of corporate governance and no continuity for organizational development, a process of implementing a new organogram has already commenced to be completed within a two year period as per our agreement with the Provincial Treasury and Finance Department. More emphasis has been placed on human resource and finance section specifically to ensure that the Speaker exercise the treasury responsibilities of the Legislature. Various units have been improved and strengthened by filling some strategic posts. The immediate benefits and spin-offs of these appointments were increased training sessions to empower staff members to be effective and efficient.

1.1. Signing of performance agreements

The Legislature is proud that we are currently introducing Performance Management Development Systems and also reviewing all our job descriptions to be in line with additional responsibilities. In the near future the performance of each staff will be assessed with more precision and ultimate certainty. The process of reviewing job descriptions was inclusive and now staff members will be more informed and certain of what is expected of them. The entire process will make it easier for the Legislature to measure the performance and success of the professional assistance aimed at members to execute their constitutional mandate efficiently and effectively.



STATEMENT BY THE ACCOUNTING OFFICER

2. Public participation

As it has already been stated publicly on numerous occasions by the Honourable Speaker, that we should deepen the culture of participatory democracy, a resounding success was recorded by holding a People's Assembly in Potchefstroom Ikageng Stadium where approximately 25 thousands people, old and young, attended the event. The third session of our Provincial Legislature was held in Vryburg Civic Centre when all members of the Legislature were able to listen to the concerns and jubilations of approximately 1,200 ordinary people from Moshaweng, Taung, Kgobadi, Ganyesa, Morokweng, Mamusa, Huhudi and other areas within the Naledi Municipality jurisdiction.

Proceeding from a pessimistic level because of the financial challenges of hosting such a magnanimous annual conference of Association of Public Accounts Committees with national and international invitees, it was an event that has left memorable land marks in history in the making of our Legislature. In addition, sectoral parliaments on women, youth, the disabled and related sectors aimed at addressing many of our social ills were successfully convened by our ever hard working and hope-filled Legislature.

3. Policy development

We have reviewed several policies and procedures. We hosted several empowering sessions which ensured that our staff members' skills and understanding of their work is improved. The sessions also ensured that there is improvement in our service levels. We are hopeful that with the usual support we receive from the Members of the Legislature, it should be possible for us to develop the Legislature into a model institution which institutions of its size and scope would wish to copy from.

We were able to achieve all these through the towering unwavering support of the Speaker of the Legislature, Hon Thandi Modise. She had made it religious for everyone to look beyond themselves in their discharging of official responsibilities. We are convinced that under her guidance we will, as an administrative team, realize all the objectives which we have set for ourselves.

Our resolve for the year is as employees of the Legislature, we can, and must make a difference in rendering a professional service to all members of the Legislature for them to impact positively in the lives of the people of the North West.



DR BABA SCHALK
SECRETARY TO THE NORTH WEST LEGISLATURE



VISION

The Legislature of the North West Province is the servant and forum of the people, an agent of change, producing transformatory legislation efficiently, exercising oversight effectively and deepening the culture of participatory democracy.

MISSION

- a. To promote public participation and civil involvement in the legislative and oversight efficiency.
- b. To conduct the business of the North West Legislature in an open and transparent manner.
- c. To establish and maintain a skilled administration that can maximise legislative and oversight efficiency.
- d. To develop and implement an effective accountability and oversight plan.
- e. To empower members of the Legislature in capacity development in various fields.
- f. To pass transformation driven legislation.
- g. To enhance an effective liaison and interaction with the NCOP

CONSTITUTIONAL, LEGISLATIVE & OTHER MANDATES

Members of the Provincial Legislature are elected to represent the people and their constitutional mandate is to ensure Government by the people, by providing a forum for public consideration of issues, by passing transformatory legislation, scrutinising and overseeing executive organs of state.

The core function of the Legislature is to pass laws for the North West Province and to oversee organs of state

The Main Services to be delivered by the North West Provincial Legislature are the following:

- To pass or amend a constitution for the North West Province;
- To pass legislation for the North West Province;
- To recommend to the National Assembly legislation concerning any matter outside the authority of the North West Provincial Legislature, or where national law prevails over the provincial law;
- To oversee the activities of the Executive Council and other organs of state; and
- To ensure public participation and oversight activities of the Legislature



PART 1

VALUES AND PRINCIPLES

In striving for service excellence and best practice, the Legislature subscribes to the following values:

- a. **Fairness**
The Legislature shall at all times act in a fair manner towards executing its duties. We will also uphold our principles of impartiality and independence.
- b. **Transparency, Accessibility and Accountability**
The Legislature is committed to upholding the Batho Pele principle of transparency, accountability and accessibility. The Legislature undertakes to, at all times be accessible to all stakeholders, to be transparent in the conduct of its core business, and to take full accountability of its actions.
- c. **Participation**
The Legislature is committed to improving and developing its public participation processes. To involve stakeholders in the legislative process.
- d. **Integrity**
We are committed to upholding the integrity of the Legislature

COMPOSITION OF THE NORTH WEST PROVINCIAL LEGISLATURE

Currently the Legislature is made up of 33 Members of Provincial Legislature (MPLs). Out of this number 11 are Members of the Executive Council. The remaining 22 MPLs, led by the Speaker, are the ones who must execute the mandate of the Legislature as outlined in the Constitution. It also has an Administrative staff of 80 people (constituted in terms of Legislature Service Act) with the Secretary as the Accounting Officer.

The composition outlined above is different from that of Departments in that they have only the political head as the politician, and their programs are executed by staff (constituted in terms of Public Service Act). It is for this reason that the strategic plan of the Legislature was not developed by the Secretary (Accounting Officer) as provided for by the Treasury Regulations



MEMBERS

OF THE NORTH WEST PROVINCIAL LEGISLATURE



Hon. T. Modise
Speaker (ANC)



Hon. G. Madoda
Deputy Speaker (ANC)



Hon. M. Moiloa
Chairperson of Chairpersons (ANC)



Hon. S. Mereotlhe
Deputy Chair of Chairpersons (ANC)



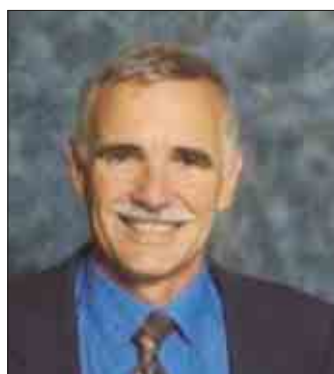
Hon. B. Mahlangu
Chief Whip (ANC)



Hon. V. Kekesi
Whip (ANC)



Hon. L.M. Mangope
Leader (UCDP)



Hon. C. Hattingh
Leader (DP)



Hon. A. Gerber
Leader (FF+)



Hon. S. Mahumopelo
Chairperson Finance &
Economic Development (ANC)



Hon. T. Mokaila
(ANC)



Hon. M. Molema (ANC)



MEMBERS

OF THE NORTH WEST PROVINCIAL LEGISLATURE



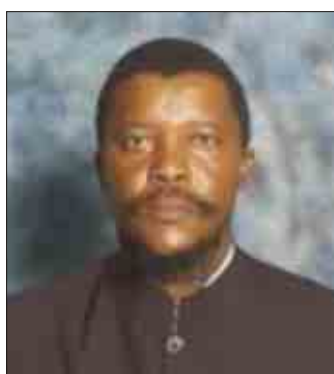
Hon. J. Serfontein
(ANC)



Hon. M. Mahlakeng
(ANC)



Hon. A. Baloyi
(ANC)



Hon. T. Gwabeni
(ANC)



Hon. Y. Makume
(ANC)



Hon. N. Hantise
(ANC)



Hon. P. Mocumi
(ANC)



Hon. M. Matladi
(UCDP)



Hon. T. Tlhabane
(UCDP)



Hon. H. Groenewald
(DP)



MEMBERS

OF THE EXECUTIVE COUNCIL



Hon. B.E. Molewa
Premier



Hon. E. Mayisela
MEC



Hon. D. Afrika
MEC



Hon. H. Yawa
MEC



Hon. J. Thibedi
MEC



Hon. J. Tselopedi
MEC



Hon. M. Modiselle
MEC



Hon. N. Duma
MEC



Hon. N. Num
MEC



Hon. N. Rasmeni
MEC



Hon. P. Vilakazi
MEC



PART 1

Commonwealth Parliamentary Association (CPA)

The Legislature has a Commonwealth Parliamentary Association (CPA) Branch called CPA North West Branch. The CPA North West Branch is a member of CPA Africa Region and CPA International. All Members of the North West Provincial Legislature including MECs are members of this Branch.

The 35 CPA Africa Region Conference was held in Swaziland on 7-15 August 2004. The Hon Speaker T Modise and Mrs M J Gaoretelelwe attended. The 50th Conference was held in Canada on 1-9 September 2004. The North Speaker Ms T R Modise and Ms M Gaoretelelwe attended.

Association of Public Accounts Committee (APAC)

The Provincial Public Accounts Committee of the Legislature is a member of the APAC, which is an association of Public Accounts Committees of legislative bodies of South Africa. The aim of the association is to improve the quality and performance of Public Accounts Committees of South Africa, and to enhance the capacity of individual members of these committees.

There were seven meetings held internally and one in East London.

Speaker's Forum

The Speaker and the Deputy Speaker of the Legislature are members of the Speakers' Forum. This is a voluntary association of Speakers of legislative bodies of South Africa. The purpose of this forum is to enable the Speakers to exchange information and experiences, to enhance their performance.

Secretaries Association of Secretaries of South Africa (SALSA)

The Secretary to the Legislature is a member of SALSA. This is a voluntary association of Secretaries to South African Legislatures. Like the Speakers' Forum, the purpose of this association is to enable Secretaries to exchange information and experiences, to advance their performance.



INTRODUCTION

VOTED FUNDS

R 65 602 000

STATUTORY APPROPRIATION

R 11 861 000

EXECUTING AUTHORITY

Hon. T.R. Modise

ACCOUNTING OFFICER

Dr B. Schalk

CORE OBJECTIVE

The core objective of the Legislature is to pass laws for the North West Province and to oversee their implementation by the Executive Council and other related structures.

FOCUS AREAS

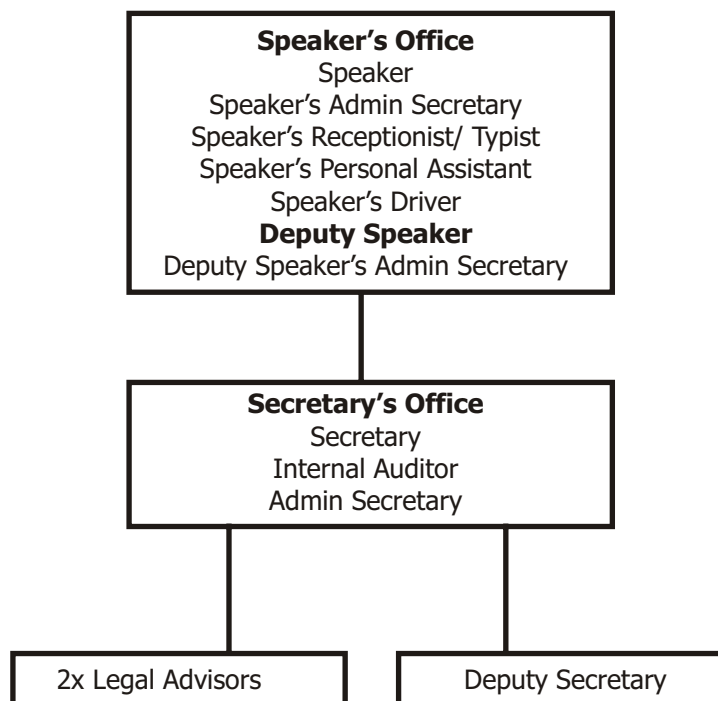
- Review of all laws passed by the Legislature to determine their effectiveness with regards to transforming our society;
- Improving the way in which Sectoral parliaments are handled, so that they can become a tool for public participation in our legislative and oversight process;
- Raising awareness of young people about the existence of the Legislature by visiting and lecturing to students about the activities of the Legislature and how they (students) can participate;
- Professionalising the administration of the Legislature;
- Strengthening our oversight effectiveness by scrutinising annual reports in time, and conducting related oversight visits and public hearings; and
- Improving the effectiveness of public hearings to ensure quality input by members of the public in our legislative process.



DIRECTORATES

ADMINISTRATION: DIRECTORATES

There are four directorates namely Finance, Human Resource, Information Services and Parliamentary Services. These Directorates offer support services to the Members of the Legislature and accounts to the Secretary. Their performance is reflected in the table below.



A. Office of the Speaker

The Speaker is the political head of the Legislature. He/She acts as the presiding officer of the Legislature during the sittings and is assisted by the Deputy Speaker and the Chairperson of Committees who are also presiding officers.

B. Office of the Secretary

The Secretary of the Legislature is the Accounting Officer in terms of the Public Finance Management Act (PFMA) Act 1 of 1999. The Office of the Secretary is composed of the Secretary to the Legislature, the Deputy Secretary to the Legislature, Internal Audit and the Legal Unit.



Functions

- * The objective of the Office is to promote a culture of participatory democracy and representation of all cultures, voices and opinions.
- * To promote efficient, effective and economic running of both Political and Administrative wings of the institution.
- * To promote and enhance capacity for Members of NWPL e.g.:
 - Training of committees.**
 - * Conducting public hearings.
 - * Oversight work.
 - * Study tours (Domestic and International).
 - * Monitory capacity of the Budget.
 - * Conducting debates and exercising public representation.
 - * To enhance effective production, monitoring and implementation of transformatory legislation.
- To promote public education.
- Improvement of co-ordination between the Executive and the Legislature.
- To ensure implementation of objectives and goals as set out on the strategic plan.
- To strengthen democracy by interaction with different stakeholders and sectors.

Composition

- Office Manager
- Personal Assistant
- Admin Assistant
- Admin Assistant
- Chauffeur

Achievements

- Outreach and Public Education by means of the following:
 - * Radio talk shows,
 - * Pamphlets, etc.
- Hosting of Human Rights Day and the promotion of Human Rights Awareness.
- Participation at National Speaker's Forum by both Hon. Speaker and Deputy Speaker.
- Successful People's Assembly
- Declaration of Member's Interest.
- Establishment of Rules Committee and its sub-committee e.g. Status of Women and Quality of Life Committee and Internal Supplies Committee.
- Adoption of rules of procedure by the Rules Committee.
- Presentation of Papers at CPA (Africa) as well as CPA (International) on behalf of South Africa and Africa respectively.
- Establishment of Relationships between Speakers's Office and the Office of the High Commissioner of Botswana.

Challenges

- Harmonisation of the Political and Administrative wings without micro managing the administrative wing.
- Better co-ordination in terms of structural communication and coordination between NWPL and the NCOP.
- Establishment of Provincial Speaker's Forum.
- Capacity building of Members of North West Provincial Legislature.
- Implementation of Rule 112 of the Rules of the House and the conferral of Mandates as required by Section 61 (4) of the Constitution of the Republic of SA Act 108 of 1996



B. LEGAL SERVICES

Functions

The Legal Services Division is responsible for rendering legal advice and services to the Legislature regarding all legal issues which the Legislature may encounter, including:

- Constitutional Issues;
- legislative drafting;
- statutory interpretation;
- drafting and interpretation of contracts;
- labour law; and
- administrative law.
 - * The Legal Services Division seeks to provide as nearly as possible the full range of legal advice and services that the Legislature requires.
 - * The Legal Services Division must ensure that they provide accurate legal advice and the highest quality legal services possible.
 - * The Legal Services Division must ensure that the Legislature complies with all legal requirements, particularly when passing legislation.
 - * Enabling the Legislature to engage with the legal framework within which it operates efficiently and effectively.
 - * Proposing amendments to the Rules of the Legislature
 - * Ensuring that the legal interests of the Legislature are as well protected as possible.

Composition

The Legal Services Division during the 2004/2005 financial year was comprised of one senior legal advisor and one legal advisor. For the months of November and December 2004, the Unit was comprised of only one legal advisor. The Legal Services Division falls under the Office of the Secretary of the Legislature, and reports directly to the Secretary of the Legislature.

Achievements

Implementing the following measures to improve the capacity of the Legal Services Division:

- Obtaining up to date legal resources.
- Building the capacity and skills of the members of the members of the Legal Services Division.
- Ongoing liaison with Legal Services Units in other Legislatures and Parliament through participation in the Legal Advisors' Forum.
- Ensuring that the members of the unit are always accessible and available to discuss and provide assistance regarding all legal matters.
- Introduction of a programme of scrutinizing all existing and proposed provincial legislation currently in force to determine if it is in compliance with all applicable legal requirements.
- Providing briefings to Legislature Committees regarding proposed legislation that they are considering or on new National Legislation which has a bearing on the Committee's work.
- Keeping abreast of and providing advice to the Legislature regarding legislative developments at the National Level.
- Commencing developing a programme of workshops for Members of the Legislature and Administrators, to educate them and inform them
- Regarding all relevant law which impacts upon their work, as well as the Rules of the Legislature.
- Providing an ongoing resource for advice when Members of the Legislature or Administrators have queries regarding applicable legal requirements, and how they are applicable to a specific situation.
- Engaging in processes of reviewing all existing contracts that the Legislature has entered into, and of scrutinizing all contracts that the Legislature proposes entering into.
- Instituting an ongoing process of reviewing the Rules of the Legislature, in consultation with the Speaker, and developing proposals for amendments to the Rules which the Rules Committee can consider and discuss for adoption.



Challenges

- Existing Provincial Legislation which may not be consistent with all relevant laws, and in particular, the Constitution and applicable national legislation.
- Ensuring that legislation passed by the Legislature is consistent with all relevant laws, particularly the Constitution and applicable national legislation.
- Members of the Legislature and Administrators who may not be sufficiently aware of the legal framework within which the Legislature operates, and the legal requirements which impact on the work and activities of the Legislature.
- Contracts which the Legislature has entered into in the past which may have been drafted in a manner which favours the service provider, to the detriment of the Legislature.
- Ensuring that new contracts which are entered into by the Legislature are on terms as favourable as possible for the Legislature, and not contrary to the interests of the Legislature
- Rules of Procedure for the Legislature which may not properly address all issues which may arise during proceedings, or which may not promote the efficient and effective operation of the Legislature's sittings and Committee proceedings.
- Risk of legal proceedings against the Legislature if correct legal advice is not provided.
- Risk of Constitutional issues arising, legislation passed by the Legislature being invalid, or actions taken in terms of provincial legislation being invalid if correct legal advice is not provided regarding the validity of existing or proposed legislation.



C. INTERNAL AUDIT

Functions

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Legislature's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Composition

The Internal Audit Unit is composed of one Internal Auditor, one assistant Internal Auditor and a Secretary. Interns are appointed as and when required.

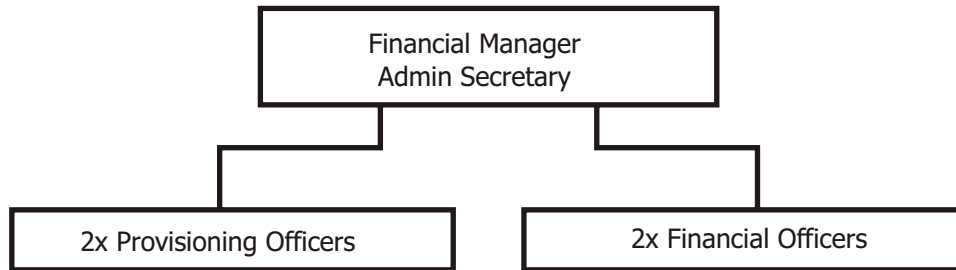
Achievements

- A New Internal Audit unit was established in 1 February 2005.
- The Internal Audit Charter and Audit Committee Charters were formally adopted on 16 February 2005.
- The Fraud Prevention Plan were reviewed, amended and adopted on 23 February 2005. These documents were distributed to all the Members and Managers within the Legislature.
- A new Audit Committee were appointed and contracts were signed with these members. - Two audit committee meetings in February and March 2005.
- IA provides a secretariate service to the Audit Committee.
- A formal risk assessment was conducted in consultation with Members, Management and the Audit Committee.
- A formal Internal Audit operational plan was developed for 2005/2006 and adopted by the Audit Committee and Management.
- Three Internal Audit Investigations were conducted from 1 February to 31 February 2005.
- An IA methodology was developed. - The Fraud Prevention Plan was reviewed, amended and adopted. Fraud workshops were conducted.

Challenges

- The previous internal auditor resigned during 2004 and a new internal auditor was appointed 1 February 2005.
- No Internal Audits was conducted prior to January 2005.
- Audit working tools were not available. No operational plan was developed for the 2003/2004 financial year.
- Minimal staff in the unit.





Functions

The Finance Directorate deals with the preparation and monitoring of budgets, overall control of funds in the Legislature and management thereof. It is responsible for procurement of goods and services, asset management and payment for goods and services.

This section is also responsible for preparation of the Annual Financial Statements and reporting to ensure the smooth and transparent management of money allocated to the Legislature in a cost effective and efficient manner.

Composition

The Directorate is composed of the following:

- Chief Financial Officer (CFO),
- two Provisioning Officers (Goods and Services),
- two Financial Officers and
- one Administrative Secretary.

Achievements

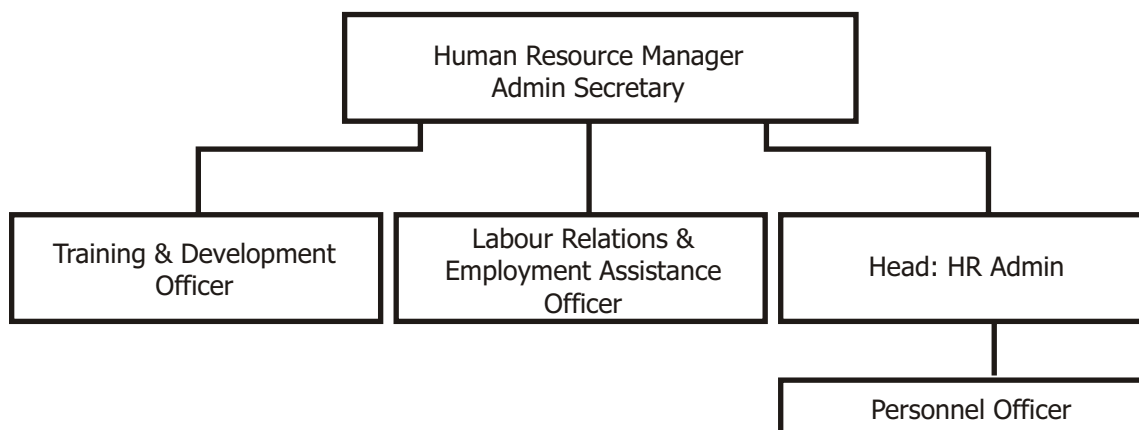
- Preparation and submission of the coming financial year's budget in time;
- Preparation of the monthly, quarterly reports.
- Preparation and submission of the Annual Financial Statements in time.

Challenges

- To teach the MPLs and staff about the budget;
- To align our budget with our strategic plan;
- To make sure that everybody complies with the PFMA, Treasury Regulations, North West Provincial Legislature Service Act, DORA, applicable policies and all other relevant financial regulations.



E. HUMAN RESOURCES



Functions

Human Resource Directorate develops an integrated process aimed at involving relevant stakeholders in the generation of information, issues and solutions to create conditions for stakeholders to function as one by:

- Facilitating attainment of Legislature objective and realisation of the institution's strategy.
- Developing consistent, equitable Human Resource policies and programs towards the success of the Legislature.
- Realising the efficiencies in the use of the financial and human resources required to develop each directorate.
- Improving services rendered by the Directorates, individual members, employees and enhancing institutional performance and productivity.
- Forging a partnership between stakeholders which promotes stakeholders role and accountability for managing human resources programs designs, implementation and evaluation.

Composition

The structure of the directorate is composed of :

- HR Manager,
- Head HR Administration, Personnel Officer,
- Training and Development Officer, Labour Relations Officer and Administrative Secretary.

Achievements

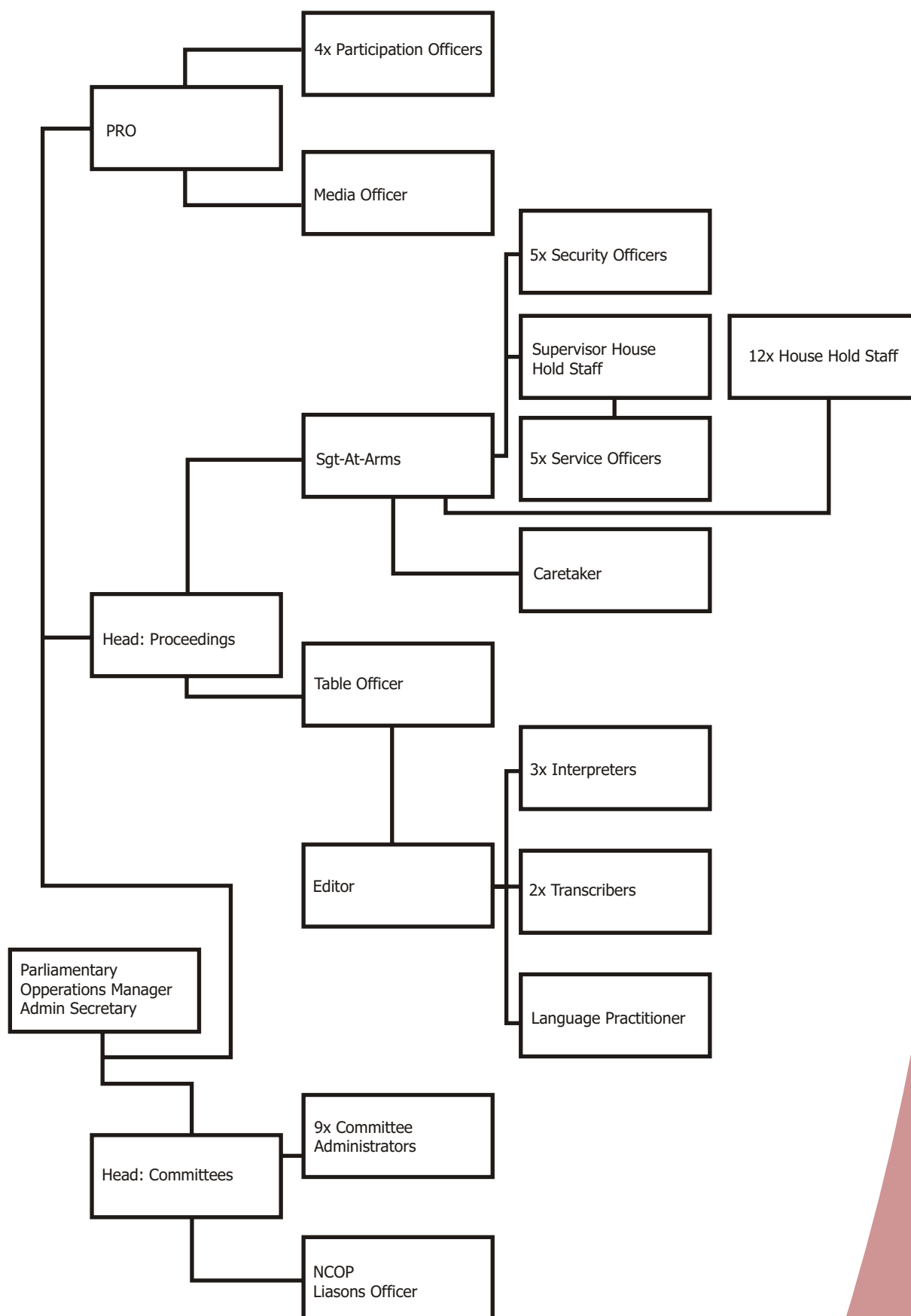
- Facilitation and coordination for both training and development intervention for both members and staff
- Selection of placement of employees as per old organisation.
- Facilitation and coordination of a new institutional organogram within the most efficient process.
- Coordinating member's induction program.
- Established networks with relevant stakeholders.

Challenges

- Compliance in the Labour Relations and other related pieces of labour legislations.
- Fast tracking formation and review of policies and procedure.
- Acquiring an integrated HR and Finance system.
- Implementation of the new organogram including addressing salary anomalies.
- Conducting a skills audit through proper role clarifications.



F. PARLIAMENTARY OPERATIONS



PROCEEDINGS

Functions

The Section provides administrative, procedural and language services in a clean and safe environment.

Composition

The Section has got a staff component of 35, comprising of the following:

- Proceedings (1), Hansard (5),
- Sergeant-at-Arms (1), Service Officers (5) and Household divisions (23).

These exclude vacant positions on the structure.

Achievements

- The two Hansard Transcribers' positions were filled on permanent basis and posts of Editor and three Language Practitioners were advertised to be filled in the new financial year.
- Work place safety or protective clothes or gear have been procured for household staff.
- Holding meetings with Departmental Parliamentary Officers improved working relations and the understanding of Legislative functions.

Challenges

- The Section lacked the capacity to perform effectively pending the filling of vacant and crucial posts.
- The effective implementation of the security plan was hampered by the construction work.
- The planned workshop on rules of procedure was delayed pending the consideration of proposed amendments to the rules by the Rules Committee.
- Outdated equipment in the House affect the quality of recordings and interpreter service negatively.



Functions

The Section: Committees is responsible for the overall management of Portfolio and Standing Committees, which, amongst others entails to:

- Manage Committees' budgets and administrative work
- Ensure that Committees' work are in accordance with Standing Rules and acceptable statutory requirements.
- Keep record of procedure issues.
 - * Assist in developing the Legislature programme on a quarterly basis.
 - * Liaise with internal and external stakeholders
 - * Ensure that performance appraisals are conducted on regular basis, sensitive to the social economic and political environments of the Province

Composition

The staff complement in the Section Committees is thirteen and is constituted as follows:

- One manager
- Two Senior Committee Administrators
- (One Senior Committee Administrator post still vacant)
- Two Secretaries (one is for the Chair of Chairs)
- Eight Committee Administrators

Achievements

- * The sub-directorate had excellently arranged public hearings and obtained maximum participation from the stakeholders in the budget and legislative processes.
- * The committee section had successfully co-ordinated NCOP activities and enabled the Province to input on the National Council legislative processes.
- * We had successfully facilitated the budget processes by working closely with Research Unit in collecting relevant data from departments and parastatals and developed questions for all Portfolio Committees and enabled Members to informatively deliberate on strategic plans and budgets.
- * The sub-directorate had successfully arranged oversight visits to various projects for evaluation and monitoring purposes on behalf of Portfolio Committees.

Challenges

- * There is a need to identify a tertiary institution that will provide accredited and specialized training to Section: Committees.
- * The filling of the existing vacant post will expedite procedures within the scope of work of section: Committees



COMMUNICATIONS

Functions

Public Relations Section

The section is entrusted with the responsibility of promoting the image and co-operate identity of the Legislature.

Media Liaison

This section must ensure that a good relationship between the Legislature and the Media exist, so as to ensure broader coverage of the activities of the Institution.

Public Participation

The section is intended to encourage, educate and promote Public Participation in the law making processes in the North West Province.

Composition

For the financial year 2004/05 the office operated with only one person until up to February 2005 when both the Media and two Public Participation Officers were employed

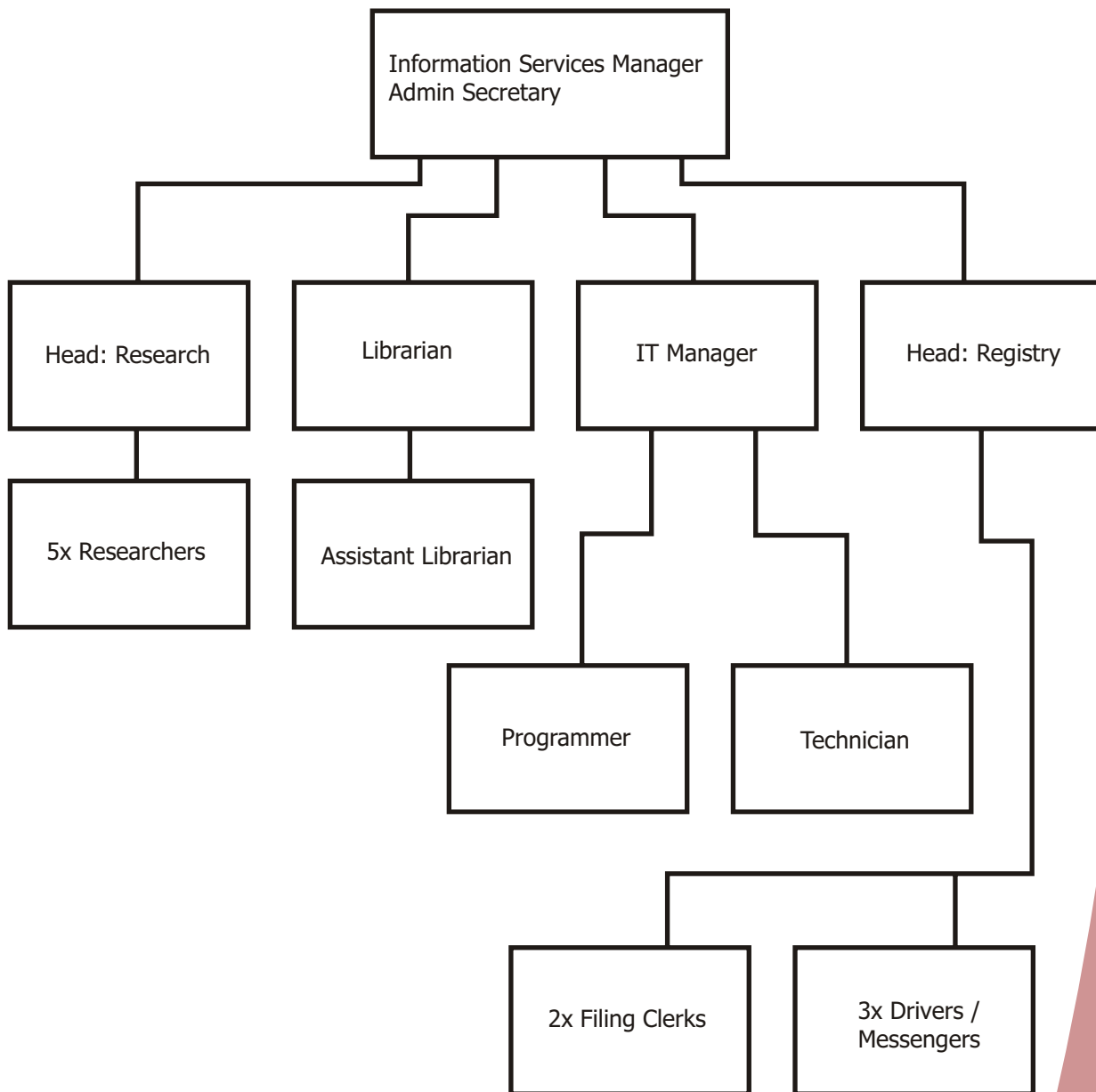
Achievements

Even though the section operated with one person, maximum impact has been achieved. All the project and programmes set for the financial year were achieved, even though the National elections superseded other project

Challenges

Having operated with one person, it was difficult to meet deadlines, this impacted negatively on most intended programmes.





REGISTRY

Functions

The registry is responsible for safe keeping or storage of information and retrieval thereof.

Composition

The office is composed of two Registry clerks, one messenger and one driver. Position of Deputy Manager is still vacant.

Achievements

- * Currently there is a culture of not using the registry to the utmost level and work shops will be introduced.
- * A new mail registry is now implemented.
- * A number of other registers for control purposes are to be implemented such as registered mail register, franking machine register and mailbag register.

Challenges

- Updating of the current general uniform filling system.
- Lack of training and development.
- To electronise the registry functions to electronic documents management system.

RESEARCH UNIT

Functions

The function of the Research Unit is to provide an effective and efficient non-partisan research and information services that is responsive to the needs of the committees, Members of the Provincial Legislature and senior management. Thus, the research and information services would enhance and strengthen the oversight, public participation and law making.

Composition

The current staff complement of the research unit comprise of the Head Researcher and 5 Researchers. However, the recruitment of the 2 researchers and the Head of Research were made at the end of the 2004 Financial year

Achievements

- * The research unit was able to conduct a number of research services to assist members in their decision making.
- * The Portfolio Committee on Gender and the Status of Women were able to visit Uganda to learn the Ugandan models on Gender and the Status of women due to the research that was conducted by the Unit
- * The Legislature Portfolio Committee was able to visit Australia to learn the Australian Status Quo to the North West Legislature situation due to the research that was conducted by the Unit

Challenges

- Underpayment of researchers resulted to staff-turnover
- Shortage of staff
- Lack of resources e.g. tape recorders, statistical packages and cameras
- No upward mobility
- Late recruitment of the 2 researchers and the Head of Research at the end of the 2004 Financial year



Functions

The objective of this Unit is to empower Members of the Legislature and Staff through the usage of IT so as to enable them to make more informed decisions. The Unit is also responsible for hardware and software related support and the research and development of new systems for the Legislature.

Composition

The current staff compliment of the IT section is 2 persons.

Achievements

- * The Legislature commissioned the development of a new website from SITA.
- * SITA has been commissioned to develop a DRP.
- * SITA has been commissioned to develop an ECM. Phases 1 of the ECM have been completed.
- * SMS system for communication via Text messages has been implemented.

Challenges

- Shortage of Staff.
- Lack of Resources (budget)
- Lack of training
- Limited exposure to new technologies

LIBRARY

Functions

The purpose of the Library is to identify, acquire and process information and make it accessible to Members and staff of the Legislature.

Composition

The staff compliment of the Library is one Librarian.

The position of Assistant Librarian is vacant

Achievements

A substantial number of books were purchased, most of which were suggested by Members and staff.

The application for European Union funding for the computerized library system as well as installation of a library security system has been approved. These will be installed as soon as the library moves to the new building.

Challenges

- Staff shortage.
- Marketing of the library services



SUMMARY PER PROGRAMME

PROGRAMME 1

ADMINISTRATION

The aim of this programme is to provide administrative support to the members of the Legislature, to enable them to meet their constitutional mandate. This program is subdivided into four sub-programs namely:-

- a. Logistics (Staff);
- b. Human Resource;
- c. Internal Audit; and
- d. Legislature Building extension

a. Logistics (Staff)

This sub-program is dealing with administrative expenditure such as payment for cellular and office phones, traveling and accommodation of staff in executing their support service.

b. Human Resources

This sub-programme is dealing with the payment of salaries of MPLs and staff.

Organisational Development

Further to the Management Board Decision to review the current structure, we solicited the support from the Department of Public Service and Administration towards assisting with the institutional organizational restructuring and process improvement based on their experience. The structural configuration and change establishments were completed and costed. The final phase which involved Job Evaluation will be embarked upon during 2005/2006 Financial year.

c. Internal Audit

This sub-program is conducting internal audits to ensure that there is compliance with applicable laws and regulations.

d. Legislature Building Extension

This sub-program is for the extension of the legislature building to address our current office space shortage.

Sub-Programme

- Logistics (Staff)

Output

- Effective administrative support

Performance Indicator

- Effective and enabling systems

Actual Performance

- Budget, procurement and information systems are in place

Sub-Programme

- Human Resources

Output

- Efficient administrative control mechanism and effective capacity building HR programs



Performance Indicator

- Identification of areas needing policies.
- Monitor implementation of policies.
- Identify skills gaps in conjunction with line managers.
- Filing of vacant positions.

Actual Performance

- Facilitate policies formulation committee meetings and workshops.
- Ensure compliance with policies provisions.
- Ensure that the Legislature's decisions are defended and settlement reached.
- Conducting the needs analysis for staff members.
- Ensuring that competent and best candidates are identified and appointed..

Sub-Programme

- Legislature Building Extension

Output

- Enough office space

Performance Indicator

- Process going according to schedule and spending

Actual Performance

- The building was almost complete.

Sub-Programme

- Internal Audit

Output

- To establish the new Internal Audit Unit and IA Charter
- To conduct risk assessment in consultation with management
- To issue an operational and strategic plan
- To conduct Internal Audit investigations
- To develop an IA methodology to conduct audits
- To provide Secretariat to Audit Committee and Audit Committee Charter
- To review, amend adopt the Fraud Prevention Plan

Performance Indicator

- To ensure that the IA Unit has been established and IA Charter adopted
- Issue a risk assessment report
- Ensure formal approval of operational and strategic plan.
- Report with findings and recommendations issued to Management, Audit Committee & Auditor General
- Methodology established, document drafted and adopted
- Minutes of meetings and reports are provided to Audit Committee and Management.
- Approved Audit Committee Charter adopted.
- Completed plan and conduct workshops

Sub-programme Internal Audit continued

Actual Performance

- Achieved - Established an effective IA unit and approved IA Charter by February 2005.
- Achieved - Performed a risk assessment in consultation with management by February 2005.
- Achieved Plans approved by February 2005.
- Ongoing IA investigations conducted according to approved operational plan.
- Ongoing IA Methodology established by May 2005.
- Achieved - Dependant on nature of activity and minutes issued.
- Audit Committee Charter adopted by February 2005
- Achieved Updated FPP issued and workshops conducted by March 2005.



PROGRAMME 2

MEMBERS' SALARIES

This is a statutory programme which provides for salaries of all MPLs in terms of the Remuneration of Public Office Bearers Act 20 of 1998. It is not divided into sub-programs.

PROGRAMME 3

PARLIAMENTARY OPERATIONS

The aim of this programme is to provide for MPLs activities such as committee work (e.g. at Portfolio Committee level), constituency work, and NCOP activities.

This programme is divided into eight sub programs, namely:

- | | | | |
|----|---------------------------------------|----|-----------------------|
| a. | Speaker's Office; | f. | Public Participation; |
| b. | Logistics (Members); | g. | Public Awareness; and |
| c. | National Council of Provinces (NCOP); | h. | Committees activities |
| d. | Exposure to Parliamentary activities; | i. | Proceedings |
| e. | Legislative Review; | | |

a. Speaker's Office

This sub-programme caters for traveling, accommodation and other activities of the Speaker's office.

b. Logistics (Members)

Logistic sub-programme caters for the MPLS' traveling, accommodation, allowances, etc.

c. National Council of Provinces

This sub-programme caters for expenditure relating to NCOP work such as travel and accommodation when attending NCOP plenary, events within the province and any related meetings.

d. Exposure to Parliamentary Activities

Exposure to Parliamentary Activities provides for MPLs attendance of seminars, workshops, and conferences. It also caters for MPLs' exposure visits.

e. Legislative Review

This sub-programme caters for all laws that need to be reviewed.

f. Public Participation

Public Participation is the Constitutional responsibility of Legislatures to ensure that the public participate meaningfully in the law making processes.

g. Public Awareness

This sub-programme caters for making the public aware of the Legislature.

h. Committee Activities

i. Proceedings

This sub-programme caters for committee activities such as oversight visits, budget hearings and public hearings.



Sub-programme

Speaker's Office

Output

Effective and efficient administration.

Performance Indicator

MPLs and staff performed their duties as planned.

Actual Performance

Speaker performed her duties as the Executing Authority.

Sub-programme

Logistics (Members)

Output

Providing Parliamentary activities of the Members of the Legislature.

Performance Indicator

Effective and efficient execution of the constitutional mandate of the Legislature.

Actual Performance

MPLs carried out their duties/activities as per programme.

Sub-programme

NCOP

Output

Informed input by our Province in NCOP processes.

Performance Indicator

NCOP Bills considered by the House. NCOP sittings attended by MPLs.

Sub-programme

Exposure to Parliamentary Activities

Output

Empowered and better performing MPLs.

Performance Indicator

Seminars, workshops, conferences attended, and exposure trips undertaken.

Sub-programme

Legislature Review

Output

Review legislation

Performance Indicator

Instruments developed to assist in review of legislation.

Actual Performance

Instrument tested by consultant. Actual reviews conducted.

Sub-programme

Public Participation

Output

Increase public participation in the legislative and oversight activities of the legislature significantly and monitor progress annually.

Performance Indicator

Formulate question for Workers, Youth, Women, Disabled and Older Persons Parliament. Engagement of relevant Departments on possible amendment of the relevant labour laws emanating from the Workers, Youth, Women, Disabled and Older Persons Parliament. Actual Performance. Questions formulated were forwarded to affect Departments to prepare responses for the sittings.



PROGRAMME 3

Sub-programme

Public Awareness

Output

Increase public awareness of the existence of the Legislature significantly and monitor progress annually.

Performance Indicator

Public Awareness Committee develops a plan and engage the Department of Education. Introduce school debates on Parliamentary Democracy (schools visited by Members).

Actual Performance

Conduct visits to schools and evaluate the campaign. Run school debates on parliamentary democracy.

Sub-programme

Committees Activities

Output

Effective execution of constitutional mandate.

Performance Indicator

Public hearings conducted by committees. Budget reviews conducted by Committees. Oversight visits conducted by committees. Questions posed to Members of the Executive Council. Interpellations and snap debates entertained in the House. Provincial Laws passed by the House.

Resolutions of the House on Auditor-General's reports.

Actual Performance

Public hearings conducted by the committees. In the process of budgeting the Departments and Parastatals were compelled to link their budget to their Strategic Plans. Oversight visits were conducted on various issues. Questions were asked by MPLs to the Members of the Executive Council.

Sub-programme

Proceedings

Output

To have regular Legislature Sittings in order to pass just and transformatory legislation and create a platform for Members to debate and account. The Premier and MECs are accountable collectively and individually to the Legislature. The adoption of all tabled reports

Performance Indicator

- A total of 27 Sittings were held.
- A total of six Provincial Bills were tabled for consideration.
- A total of five NCOP Section 76 Bills were tabled and dealt with by different committees.
- The House passed resolutions to authorize the Executive to effect the Amendment of the Boundaries of Cross Boundary Municipalities and to intervene in terms of Section 139 of Act 108 of 1996 into the administration of Mamusa Municipality respectively.
- The Executive account by responding to Interpellations and Questions put to them by Members.
- Reports tabled and debated and adopted.
- Debates

Actual Performance

- Only two Bills were passed into Acts during this financial period
- The Legislature mandated its NCOP Delegates to vote in favor of their passage into Acts
- The Legislature's concurrence was communicated to the Demarcation Board for Implementation.
- The provincial delegation was mandated to vote in favor of the intervention.



- A total of 47 questions were asked by MPL's to the Premier and MECs as part of an oversight process and they responded to almost all of them within this cycle and three interpellations were also debated by the House. A total of 58 reports were tabled, referred to Committees for scrutiny, debated and adopted in the House. These were the 2003/4 Annual Report and the 2005/6 Strategic Plans. Other reports tabled and debated included the following: Auditor-General's Special Report PR 16/2004, Auditor-General's Report PR 123/2005, PPAC First Report 2004, Resolutions 1-5, PPAC Second Report 2004, Resolutions 1-15, [20 PPAC resolutions were adopted by the House and communicated to the affected departments for compliance.], Public Protector Investigation Report, 2004, Growth and Development Summit Report, 2004, PSC Reports (7). Debates and snap debates included the following: Strategic Plans and Budget votes for the 2005/6 financial year, Annual reports for the 2004/5 financial year, and the State of the Province Address; Youth Celebrating a Decade of Freedom and seizing the Opportunities of Democracy, Pan African Women Organization, Crisis at the NW Hotel School, Progress made on Women Development and Challenges and the State of Schools in the NW Province



PART 3

AUDIT COMMITTEE REPORT NORTH WEST PROVINCIAL LEGISLATURE

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2005.

Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets a minimum of four times per annum as per its approved terms of reference. During the current year two meetings were held due to the fact that the Audit Committee was appointed only in November 2004 and the Internal Audit manager was appointed in January 2005.

| Name of Member | Number of Meetings Attended |
|-----------------------------|-----------------------------|
| D Thornhill (Chairperson) | 2 |
| FC Gondwe | 2 |
| E Ntshiea (Auditor General) | 2 |
| N Mathibedi - CFO | 2 |

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13 and 27(1)(10). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control is not effective as compliance with prescribed policies and procedures are lacking. During the year under review several instances of non-compliance were reported by internal and external auditors that resulted from a breakdown in the functioning of controls. Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. The effect of these instances has been included in the annual financial statements and the report of the Accounting Officer. A risk assessment has been performed during the financial year to the satisfaction of the Audit Committee.

The quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee can not at this stage comment on the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management's response where significant issues were raised;
- Reviewed changes in accounting policies and practices;
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Chairperson of the Audit Committee
26 July 2005

For the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and the Legislature of the North West Province.

1. General review of the state of affairs

The North West Provincial Legislature is continuously faced with a daunting challenge of generally passing laws for the North West Province and with more emphasis on overseeing provincial departments including any other provincial state institutions.

Our programmes have not changed, but we had one new sub-programme i.e. Internal Audit under the Administration programme and two new sub-programmes i.e. Speaker's office and Committee Activities under the Parliamentary Operations programme in 2004/05. Our budget was increased from R 55 142 000 in 2003/04 to R 77 463 000 in 2004/05.

For the financial year (2004/05) we spent R 65 793 603 as against the budget of R 77 463 000. We have savings in the Administration and Parliamentary Operations Programmes and an overspending on Members' salaries which is a statutory item.

Therefore, an additional challenge that confronts the Legislature is to change our budget structure to ensure that each Executive Manager (Corporate, Finance and Legislature Operations) including the newly established Internal Audit and Legal Service could be accountable for their respective budget.

This is done to ensure that monitoring and evaluation of each unit's performance in respect to realizing the Legislature's immediate and long-term objectives is proficiently manageable.

We also have to align our budget with our strategic plan which the non-alignment of our budget previously was primarily because of changes at National level and oversight demands.

The Legislature does not keep a large stock like other Departments, the items are purchased as and when needed. In 2004/05 the MPLs mostly traveled locally.

2. Services rendered by the Legislature

The core function of the Legislature is generally to pass laws and to oversee all government departments and any other provincial state institutions in the North West Province. The Legislature also allocates budgets to different Departments and their provincial state institutions for the execution of their respective duties.

3. Capacity Constraints

It became evident that the old structure of the Legislature imposed a battery of constraints such as the shortage of staff in almost all units of the Legislature, more emphasis was placed on support functions to the detriment core functions and there was a mixture of functions between core and support functions. This inhibited the Legislature to proficiently discharge its Constitutional mandate.

However, with much appreciated assistance from the national Department of Public Service and Administration (Government Internal Consulting Services), the old structure was reviewed and this process culminated in the new structure being agreed upon by all the stakeholders in the Legislature. The new structure imposes new challenges for the Legislature to fill new strategic posts with personnel with impeccable attributes and competencies.



ACCOUNTING OFFICER'S REPORT

The implementation of the new structure will be done in a phase in approach within a period of two years as per a worthy advice by the Finance and Economic Affairs in the Province. Further, an appropriate strategy is urgently necessary to retrain and retaining the existing staff.

4. Corporate Governance arrangements

We have two governing structures, namely, the Rules Committee and the Management Board. The Rules committee is the supreme governing body that develops policy direction and strategic plan of the Legislature.

The Management Board which appears to be heading for some changes in respect to its functions and responsibilities in the near future is responsible for the management in the Legislature. From July 2005, the new Executive Management Team constituted by the Secretary to the Legislature, Internal Auditor, Senior Legal Advisor, Executive Managers of the newly established units (Corporate, Finance and Legislature Operations) will direct all day-to-day management of the Legislature.

The previous Internal Auditor resigned and a new one was appointed in January 2005. The Internal Audit Assistant was also appointed. The new Audit Committee was also formed and is functional. A risk assessment was done by Price Waterhouse Coopers and the results have propelled the Legislature to introduce Fraud Prevention Plan which was approved by the Accounting Officer on 23 February 2005. Booklets on Fraud Prevention Plan, Internal Audit Charter and Operational Plan and Audit Committee Charter were made available to all the stakeholders in the Legislature. The Audit Committee has sat twice for that financial year (2004/05).

The new Internal Supplies Committee was formed because the previous one's term ended when the Legislature's five year term ended. It handles procurements with a monetary value of R 90 000 which will be increased after discussions within the current financial year (2004/05).

5. Progress with financial management improvements

Although the Legislature has its own act i.e. North West Provincial Legislature Service Act No. 8 of 1997, it also adheres to the Public Finance Management Act (PFMA), Division of Revenue Act (DORA), Treasury Regulations and other relevant financial legislation. Another unfortunate challenge that continuously confronts the Legislature is that because of the complex nature of the Legislature's operations, the Legislature is often compelled to spend for the items that were not budgeted for. However, the Provincial Treasury is always made aware when that situation arises.

6. PPAC Resolutions

The Legislature wrote a letter to the National Treasury requesting to revert from Unique HR to the Persal system. The request was based on the fact that the Legislature has its own leave policy which is different from the one used by the Public Service. A special code has therefore to be created for the Legislature. The response from National Treasury was that the request will not be adhered to because due to the size of the Legislature it was not cost effective to create a code specifically for it. Whilst still sorting out that problem, the Legislature is doing the leave reconciliation manually.

A forensic investigation was instituted on the contracts. The new Senior Legal Advisor is also busy with reviewing all the Legislature contracts.

A Fraud Prevention Plan has been approved and it will be implemented within the current financial year



ACCOUNTING OFFICER'S REPORT

The pension deductions matter for the MPLs has been resolved.

7. Events after the reporting date

An amount of R 1 380 385.52 was paid to the contractor, namely Jr-Stocks-Modisc-Joint Venture for the extension of the building in April 2005. That payment (R 998 385.52) was erroneously made to SKM Architects instead of Jr-Stocks-Modisc-Joint Venture in March 2005 and a Cheque was cancelled on 31 March 2005. A roll over of R 382 001 (balance) has been requested to alleviate the need for additional funds.

APPROVAL

The Annual Financial Statements have been approved by the Accounting Officer.



DR B. SCHALK

SECRETARY TO THE LEGISLATURE

DATE



REPORT OF THE AUDITOR-GENERAL

TO THE MEMBERS OF THE NORTH WEST THE LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE PROVINCIAL LEGISLATURE FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 43 to 45 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Provincial Legislature at 31 March 2005, and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Inventory

Control and management over inventory were not adequate, as records pertaining to inventory movement and reconciliations were not kept for the financial year.

4.2 Under-spending of Vote

Total voted funds were underspent by R12 million, which represents 16% of the voted funds. As a result, service delivery might have been adversely affected.

4.3 Significant changes to the financial statements

During the audit, the Legislature made certain material adjustments to the original financial statements submitted for audit on 31 May 2005. The restated financial statements were signed and resubmitted on 27 July 2005.



4.4 Internal controls

Various shortcomings of serious concern were identified during the audit. The following serve as example:

4.4.1 Late payment

Various payments were not made within 30 days as required in terms of the PFMA; resulting in penalties and interest being charged.

4.4.2 Insufficient policies

The Legislature did not have sufficient policies in place to manage its affairs in an effective, efficient and economical manner, although the following policies were available in draft format.

- (a) Asset management policy
- (b) Budget policy
- (c) Debt write-off
- (d) Back-up policy

5. APPRECIATION

The assistance rendered by the staff of the North West Provincial Legislature during the audit is sincerely appreciated.

Auditor-General
Pretoria
31 July 2005



A U D I T O R - G E N E R A L



PART 4

Statement of Accounting Policies and Related Matters.

(NORTH WEST PROVINCIAL LEGISLATURE)

VOTE 02**ACCOUNTING POLICIES**

for the year ended 31 March 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

1. Revenue**Appropriated funds**

Voted funds are the amounts appropriated to the Legislature in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund, unless otherwise stated.

Departmental revenue**Tax revenue**

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the Legislature and then transferred to the Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.



Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the Legislature is allowed to retain surplus funds, these funds are shown as a reserve.

2. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The Legislature provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the Legislature.



ACCOUNTING POLICIES & RELATED MATTERS

Post employment retirement benefits

The Legislature provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the Legislature. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer Legislature.

Other employee benefits

Obligations arising from leave entitlement, thirteenth (13) cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services was used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the Legislature. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

3. Unauthorised expenditure

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure, is defined as :

- expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:
 - * the Public Finance Management Act
 - * the State Tender Board Act, or any regulations made in terms of this act, or
 - * any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore



- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.



ACCOUNTING POLICIES & RELATED MATTERS

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Legislature; or

a present obligation that arises from past events but is not recognised because:

it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the Legislature may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.



FINANCIAL STATEMENTS

North West Provincial Legislature

Appropriation Statement
for the year ended 31 March 2005

| Appropriation per Programme | | | | | | | | | |
|---|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
| | 2004/05 | | | | | | | 2003/04 | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual Expenditure R'000 |
| 1. Administration | | | | | | | | | |
| Current payment | 27,416 | -482 | - | 26,934 | 23,122 | 3,812 | 85.8% | 19,629 | 18,403 |
| Transfers and subsidies | 26 | - | - | 26 | 35 | -9 | 134.6% | 100 | 74 |
| Expenditure for capital assets | 16,876 | 1,942 | - | 18,818 | 18,286 | 532 | 97.2% | 9,722 | 6,076 |
| 2. Parliamentary Operations | | | | | | | | | |
| Current payment | 20,198 | -1,480 | - | 18,718 | 10,887 | 7,831 | 58.2% | 9,309 | 9,141 |
| Transfers and subsidies | 36 | - | - | 36 | 33 | 3 | 91.7% | - | - |
| Expenditure for capital assets | 1,050 | - | - | 1,050 | 507 | 543 | 48.3% | - | - |
| Subtotal | 65,602 | - | - | 65,602 | 52,870 | 12,732 | 80.6% | 38,760 | 35,694 |
| Statutory Appropriation | | | | | | | | | |
| Current payments | 11,861 | - | - | 11,861 | 12,923 | -1,062 | 109.0% | 19,448 | 19,448 |
| Total | 77,463 | - | - | 77,463 | 65,793 | 11,670 | 84.9% | 58,208 | 55,142 |
| Departmental receipts | | | | | 12 | | | 40 | |
| Actual amounts per Statement of Financial Performance (Total Revenue) | | | | 77,475 | | | | 58,168 | |
| Actual amounts per Statement of Financial Performance (Expenditure) | | | | | 65,793 | | | | 55,142 |

APPROPRIATION STATEMENT
for the year ended 31 March 2005

| Appropriation per Economic classification | | | | | | | | | |
|--|------------------------------|-------------------------|----------------|---------------------------|----------------------|----------------|---------------------------------------|---------------------------|----------------------|
| | 2004/05 | | | | | | | 2003/04 | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| Current payments | | | | | | | | | |
| Compensation to employees | 28,290 | - | - | 28,290 | 26,872 | 2,418 | 95.0% | 32,034 | 30,806 |
| Goods and services | 31,945 | 1,942 | - | 30,003 | 20,059 | 9,944 | 66.9% | 16,352 | 15,153 |
| Transfers & subsidies | | | | | | | | | |
| Households | 62 | - | - | 62 | 69 | -7 | 111.3% | 100 | 74 |
| Payment on capital assets | | | | | | | | | |
| Buildings & other fixed structures | 15,301 | 1,542 | - | 17,743 | 17,561 | 182 | 97.8% | 7,500 | 7,405 |
| Machinery & equipment | 1,375 | - | - | 1,375 | 1,432 | -57 | 104.1% | 2,222 | 672 |
| Total | 77,463 | - | - | 77,463 | 65,793 | 12,732 | 84.9% | 68,208 | 65,142 |
| Statutory Appropriation | | | | | | | | | |
| Direct charge against Provincial Revenue Fund | 2004/05 | | | | | | | 2003/04 | |
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| Member of executive committee/parliamentary officers | 11,861 | - | - | 11,861 | 12,923 | -1,062 | 109.0% | 19,448 | 19,448 |
| Total | 11,861 | - | - | 11,861 | 12,923 | -1,062 | 109.0% | 19,448 | 19,448 |



FINANCIAL STATEMENTS

Detail per programme 1 - Administration
for the year ended 31 March 2005

| Programme per subprogramme | 2004/05 | | | | | | | 2003/04 | |
|------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------------|------------------------------|-------------------------|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| 1.1 Logistics (Staff) | | | | | | | | | |
| Current payment | 9,381 | -402 | | 8,919 | 8,008 | 911 | 89.8% | 6,848 | 6,818 |
| Expenditure for capital assets | 1,060 | | | 1,060 | 925 | 135 | 87.3% | 2,222 | 871 |
| 1.2 Human Resource | | | | | | | | | |
| Current payment | 17,508 | | | 17,908 | 15,031 | 2,877 | 83.9% | 12,901 | 11,764 |
| Transfers and subsidies | 26 | | | 26 | 35 | -9 | 134.6% | 100 | 74 |
| 1.3 Legislature Building Extension | | | | | | | | | |
| Expenditure for capital assets | 18,801 | 1,942 | | 17,743 | 17,361 | 382 | 97.8% | 7,500 | 7,405 |
| 1.4 Internal Audit | | | | | | | | | |
| Current payment | 127 | | | 127 | 83 | 44 | 65.4% | - | - |
| Expenditure for capital assets | 15 | | | 15 | - | 15 | 0.0% | - | - |
| Total | 44,318 | 1,400 | - | 45,796 | 41,443 | 4,355 | 90.5% | 29,451 | 26,553 |

| Economic classification | 2004/05 | | | | | | | 2003/04 | |
|------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------------|------------------------------|-------------------------|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| Current payments | | | | | | | | | |
| Compensation to employees | 16,419 | | | 16,419 | 13,949 | 2,470 | 85.0% | 12,586 | 11,380 |
| Goods and services | 10,997 | -462 | | 10,535 | 9,172 | 1,363 | 87.1% | 7,043 | 7,042 |
| Transfers & subsidies | | | | | | | | | |
| Households | 26 | | | 26 | 36 | -10 | 138.5% | 100 | 74 |
| Payments for capital assets | | | | | | | | | |
| Buildings & other fixed structures | 18,801 | 1,942 | | 17,743 | 17,361 | 382 | 97.8% | 7,500 | 7,405 |
| Machinery & equipment | 1,075 | | | 1,075 | 925 | 150 | 86.0% | 2,222 | 872 |
| Total | 44,318 | 1,480 | - | 45,796 | 41,443 | 4,355 | 90.5% | 29,451 | 26,553 |

Detail per programme 2 - Parliamentary Operations
for the year ended 31 March 2005

| Programme per subprogramme | 2004/05 | | | | | | | 2003/04 | |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------------|------------------------------|-------------------------|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| 2.1 Speaker's Office | | | | | | | | | |
| Current payment | 480 | | | 480 | 332 | 148 | 69.2% | - | - |
| Expenditure for capital assets | 300 | | | 300 | 273 | 27 | 91.0% | - | - |
| 2.2 Logistics (Members) | | | | | | | | | |
| Current payment | 9,768 | -784 | | 8,984 | 6,919 | 2,065 | 77.0% | 5,717 | 5,989 |
| Transfers and subsidies | 36 | | | 36 | 33 | 3 | 91.7% | - | - |
| 2.3 NCOP | | | | | | | | | |
| Current payment | 300 | | | 300 | 269 | 31 | 89.7% | 1,035 | 890 |
| Expenditure for capital assets | 750 | | | 750 | 234 | 516 | 31.2% | - | - |
| 2.4 Exposure to Parliamentary Activities | | | | | | | | | |
| Current payment | 3,000 | 340 | | 2,760 | 778 | 1,982 | 28.2% | 1,515 | 1,374 |
| 2.5 Legislature Review | | | | | | | | | |
| Current payment | 200 | | | 200 | 99 | 101 | 49.5% | 200 | 99 |
| 2.6 Public Participation | | | | | | | | | |
| Current payment | 500 | | | 500 | 410 | 90 | 82.0% | 742 | 630 |
| 2.7 Public Awareness | | | | | | | | | |
| Current payment | 250 | | | 250 | 197 | 53 | 78.8% | 100 | 49 |
| 2.8 Committee Activities | | | | | | | | | |
| Current payment | 5,700 | -456 | | 5,244 | 1,883 | 3,361 | 35.9% | - | - |
| Total | 21,284 | -1,480 | - | 19,804 | 11,427 | 8,377 | 57.7% | 9,309 | 9,141 |

| Economic classification | 2004/05 | | | | | | | 2003/04 | |
|-------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------------|------------------------------|-------------------------|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Payment R'000 | Variance R'000 | Payment as % of final appropriation % | Final Appropriation R'000 | Actual Payment R'000 |
| Current | | | | | | | | | |
| Goods and services | 30,948 | -1,480 | | 19,468 | 10,587 | 8,881 | 55.9% | 9,309 | 9,141 |
| Transfers & subsidies | | | | | | | | | |
| Households | 36 | | | 36 | 33 | 3 | 91.7% | - | - |
| Capital | | | | | | | | | |
| Machinery & equipment | 300 | | | 300 | 527 | -227 | 189.0% | - | - |
| Total | 21,284 | -1,480 | - | 19,804 | 11,427 | 8,377 | 57.7% | 9,309 | 9,141 |



North West Provincial Legislature

Notes to the Appropriation Statement for the year ended 31 March 2005

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in note 11 (Transfers and subsidies) and Annexure 1 (A-K) to the annual financial statements.
2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**
Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.
3. **Detail on financial transactions in assets and liabilities**
Detail of these transactions per programme can be viewed in note 8 (Details of special functions (theft and losses)) to the annual financial statements.
4. **Explanations of material variances from Amounts Voted (after virement):**

4.1 Per programme:

| | Voted Funds after virement | Actual Expenditure | R'000 | % |
|--------------------------|----------------------------|--------------------|-------|----|
| Administration | 26 954 | 23 121 | 3 833 | 9 |
| Parliamentary Operations | 19 468 | 11 120 | 8 348 | 42 |
| Members' Salaries | 11 861 | 12 923 | -1062 | 9 |

Transfers and subsidies

Provinces and municipalities
 Departmental agencies and accounts
 Universities and technikons
 Public corporations and private enterprises
 Foreign governments and international organisations
 Non-profit institutions
 Households

-20

Payments for capital assets

Buildings and other fixed structures
 Machinery and equipment
 Heritage assets
 Biological assets
 Software and other intangible assets
 Land and sub soil assets

382
177



NOTES TO THE APPROPRIATION STATEMENT

VOTE 02

Notes to the Appropriation Statement

Explanation of material Variances from Amounts voted

Programme 1: Administration

There is an under-spending in this programme. The programme has under-spent due to the following reasons:

- a) Not all the vacant positions e.g. Hansard Editor, Translator, etc. were filled and some e.g. Internal Auditor, Senior Legal Advisor, etc. were filled in just before the financial year ended (January 2005).
- B) Due to the fact that the budgeted vacant positions were not filled/filled in late, some activities were not carried out.
- c) The motor vehicle subsidy money for staff could not be utilised because the matter had not yet been finalised with the bank.

Programme 2: Parliamentary Operations

There is an underspending in this programme. The Legislature's activities started long after the financial year had started due to the following:-

- a) The Legislature's five year term ended in 2004, the elections and swearing in of elected Members were held in April 2004.
- b) There was an official opening of the Legislature and induction of Members of the Provincial Legislature (MPLs) in May 2004 as most of them were new.
- c) After attending an induction programme, the MPLs attended some training to familiarize themselves with the operations of the Legislature.

Programme 3: Members' salaries

There is an overspending in this programme. The over-expenditure occurred because of the MPLs' salary adjustments. When a budget is prepared, the Legislature is always not aware of the percentage that the salaries will be increased by, that is known only after the President has made an announcement.



HUMAN RESOURCE MANAGEMENT

Labour Relations

Collective agreements

There was one collective agreement on Improvement of Conditions of Services entered into between Management and the Union signed on 27 September 2004.

| SUBJECT MATTER | DATE |
|--------------------------------------|-------------------|
| Improvement of Conditions of Service | 27 September 2004 |

Misconduct and disciplinary hearings

There was one disciplinary hearing convened for this reporting financial year of which the outcome was transfer to another section within the Legislature or final written warning.

Types of misconduct addressed at disciplinary hearings

| TYPE OF MISCONDUCT | NUMBER | % OF TOTAL |
|---|--------|------------|
| Unauthorised possession & damage to State vehicle | 1 | |
| TOTAL | 1 | |

Grievances lodged

Two grievances were lodged and resolved for this reporting financial year.

| | NUMBER | % OF TOTAL |
|--|----------|------------|
| Number of grievances resolved | 2 | |
| Number of grievances not resolved | | |
| TOTAL NUMBER OF GRIEVANCES LODGED | 1 | |

Disputes lodged with Councils

| | NUMBER | % OF TOTAL |
|--|----------|------------|
| Number of disputes upheld | 2 | |
| Number of disputes dismissed | | |
| TOTAL NUMBER OF DISPUTES LODGED | 2 | |

There were two different disputes regarding unfair labour practice and unfair dismissal lodged with the CCMA, the process is still ongoing.

Strike actions

| | |
|---|-------------|
| TOTAL NUMBER OF PERSON WORKING DAYS LOST | NONE |
|---|-------------|

Occupational Health and Safety

One incident of injury on duty was reported for this reporting financial year. The necessary procedures in terms of reporting to the Department of Labour and registration for compensation for occupational injuries were followed.

Employment Assistance Programme

Two employees were referred for professional counselling. The referral proved to be fruitful in that performance behaviour was improved.



EXPENDITURE

| 1.1. Personnel Cost: MPL'S and Administration Staff | | | | | | |
|---|-----------------------|---------------------------|-------------------------------------|-----------------------------------|--|-------------------------------------|
| Programme | Total Expenditure | Personnel Expenditure | Training Expenditure | Professional and Special Services | Personnel cost as a % of total expenditure | Average personnel cost per employee |
| MPL'S | R 15,441,546 | R 15,373,639 | R 67,907 | | 53 | 199 |
| Admin Staff | R 13,697,760 | R 13,250,690 | R 447,070 | | 47 | 401 |
| TOTAL | R 29,139,306 | R 28,624,329 | R 514,977 | R - | 100 | |
| 1.2. Personnel cost by salary bands of Administration Staff | | | | | | |
| Salary bands | Personnel expenditure | % of total personnel cost | Average personnel cost per employee | | | |
| Contract | R 158,411 | 2 | R 22,630 | | | |
| Lower skilled | 2480717 | 29 | R 75,173 | | | |
| Skilled | 82,6906 | 10 | R 91,878 | | | |
| Highly Skilled Supervision | 3307622 | 39 | R 114,056 | | | |
| Professional & Management Committee | 1653811 | 20 | R 275,635 | | | |
| TOTAL | R 8,427,467 | 100 | | | | |



1.3. Salary related items expenditure

| Administration Staff | | |
|--------------------------------|---------------------|-----------------------------------|
| Item | Total | % of personnel costs of programme |
| Basic salary | R 8,269,057 | 62.40 |
| Pension | R 1,158,814 | 8.75 |
| Housing allowance/subsidy | R 924,347 | 6.98 |
| Motor allowance/financing | R 667,308 | 5.04 |
| Bonus | R 624,398 | 4.71 |
| Medical aid | R 611,474 | 4.61 |
| Leave discounting | R 288,394 | 2.18 |
| S&T | R 246,045 | 1.86 |
| Contract | R 158,411 | 1.20 |
| Housing fringe benefit | R 82,573 | 0.62 |
| Role playing allowance | R 78,077 | 0.59 |
| Overtime | R 53,168 | 0.40 |
| Acting allowance | R 46,762 | 0.35 |
| Regional service levy | R 34,273 | 0.26 |
| UIF | R 4,007 | 0.03 |
| Fuel reimbursement | R 1,369 | 0.01 |
| Capital reimbursement | R 1,293 | 0.01 |
| Maintenance allowance | R 753 | 0.01 |
| Agency fee | R 138 | 0.00 |
| Non-pensionable cash allowance | R 29 | 0.00 |
| TOTAL | R 13,250,690 | 100 |



HUMAN RESOURCE MANAGEMENT

| 1.3. Salary related items expenditure | | |
|---------------------------------------|---------------------|-----------------------------------|
| MPLs | | |
| Item | Total | % of personnel costs of programme |
| Basic salary | R 8,279,453 | 53.85 |
| Motor allowance | R 2,325,828 | 15.13 |
| Pensions | R 1,580,785 | 10.28 |
| S&T | R 1,077,721 | 7.01 |
| Allowance for P.O.B | R 1,019,318 | 6.63 |
| Medical Aid | R 692,358 | 4.50 |
| Honorarium | R 365,250 | 2.38 |
| Regional service levy | R 32,926 | 0.21 |
| TOTAL | R 15,373,639 | 100 |

2. Employment and vacancies by programme

| Programme | Number of posts | Number of posts filled | Vacancy rate | Contract Appointments |
|----------------------|-----------------|------------------------|--------------|-----------------------|
| MPL's | 33 | 33 | | |
| Administration Staff | 87 | 77 | 10 | 7 |
| TOTAL | 120 | 110 | 10 | 7 |

2.1. Employment and vacancies by levels

| Categories | Number of posts | Posts filled | Vacancy rate | Contracts |
|-------------------------------------|-----------------|--------------|--------------|-----------|
| Lower skilled | 27 | 33 | | |
| Skilled | 36 | 29 | 7 | 4 |
| Highly Skilled Supervision | 14 | 9 | 5 | 2 |
| Professional & Management Committee | 10 | 6 | 4 | 1 |
| TOTAL | 87 | 77 | 16 | 7 |



| 3. Employment changes | | | | |
|--|-------------|--------------|------------------|------------|
| 3.1 Annual turnover by salary level | | | | |
| Programme | Appointment | Terminations | Turnover rates % | Promotions |
| Lower skilled | 4 | | 0 | |
| Skilled | 6 | 1 | 1 | |
| Highly Skilled Supervision | 4 | 2 | 2 | 1 |
| Professional & Management Committee | 2 | 2 | 2 | |
| TOTAL | 16 | 5 | 5 | |

| 4.2 Designation categories of MPL's | | | | | | | |
|--|-----------|-----------|-----------|------------|----------|----------|----------|
| Designation | No. | Gender | | Population | | | |
| | | M | F | African | Coloured | India | White |
| Premier | 1 | | 1 | 1 | | | |
| MEC | 10 | 7 | 3 | 10 | | | |
| Speaker | 1 | | 1 | 1 | | | |
| Deputy Speaker | 1 | 1 | | 1 | | | |
| Chief Whip | 1 | 1 | | 1 | | | |
| Deputy C. Whip | 1 | | 1 | 1 | | | |
| Chairperson | 10 | 7 | 3 | 9 | | | 1 |
| Deputy Chairperson | 1 | | 1 | 1 | | | |
| Leader of Official Opposition Party | 1 | 1 | | 1 | | | |
| Whip | 4 | 3 | 1 | 2 | | | 2 |
| MPL | 2 | 2 | | 1 | | | 1 |
| TOTAL | 33 | 22 | 11 | 29 | 0 | 0 | 4 |



| Occupation category | Female | | | | TOTAL |
|--|-----------|----------|----------|----------|-----------|
| | African | Coloured | India | White | |
| Senior managers | 3 | | | | 3 |
| Professionals | | | | | 0 |
| Technicians & Associates Professionals | 1 | | | 2 | 3 |
| Highly skilled workers | 9 | | | | 9 |
| Skilled workers | | 3 | | 1 | 4 |
| Clerks | 1 | | | | 1 |
| Service workers | 19 | | | | 19 |
| TOTAL | 33 | 3 | 0 | 3 | 39 |

4. Employment equity and skills development

4.1. Occupation categories of administration staff

| Occupation category | Male | | | | TOTAL |
|--|---------|----------|-------|-------|----------|
| | African | Coloured | India | White | |
| Senior managers | 2 | | | | 2 |
| Professionals | 1 | | | 1 | 2 |
| Technicians & Associates Professionals | 2 | | | | 2 |
| Highly skilled workers | 9 | | | | 9 |
| Skilled workers | | | | | 0 |
| Clerks | 5 | | | | 5 |
| Service workers | 1 | | | | 1 |
| TOTAL | | | | | 0 |



| 3.2. Reasons of employment termination | | |
|--|----------|-----------------------|
| Termination type | Number | % of total employment |
| Death | 1 | 1 |
| Resignation | 5 | 6 |
| Expiry of contract | | |
| Operation requirements | | |
| Misconduct | | |
| Incapacity/Inefficiency | | |
| Ill-health | | |
| Retirement | | |
| Other | | |
| TOTAL | 6 | 7 |





| 4.3. Human Resources Development | | | | |
|----------------------------------|----------------------------|----------|-----------------|--------------------------|
| 4.3.1. Administration staff | | | | |
| Course attended | Service provider | Duration | Cost | No. of Employee Attended |
| Secretarial Workshop | NSC | 2 days | R 22,152 | 4 |
| Presentation Skills | Superior Performance | 3 days | R 14,432 | 2 |
| IT Conference | Marcus Events | 1 day | R 5,699 | 1 |
| Payroll Conference | SA Payroll Association | 1 day | R 1,995 | 1 |
| Time Management | Superior Performance | 1 day | R 2,508 | 2 |
| Security | Frontier Security Trianing | 1 month | R 2,200 | 1 |
| Computer Literacy | North West University | 5 days | R 3,420 | 2 |
| Facilitator's Training | University of Pretoria | 1 month | R 15,000 | 1 |
| Team Mate Report Writing | PWC | 1 month | R 500 | 1 |
| TOTAL | | | R 67,907 | 15 |

4.3.2. MPL's

| Course attended | Service provider | Duration | Cost |
|-------------------------------------|----------------------------|----------|------------------|
| Structural Development | Consultancy in Session | 1 day | R 13,688 |
| PFMA and MFMA | Provincial Treasury | 1 day | |
| PFMA | SAIGA | 4 days | R 70,680 |
| Oversight Budgeting and Monitoring | Manto Mangement | 2 days | |
| Strategic Planning Framework | Consultancy in Session | 1 day | R 18,240 |
| Finance Training | University of Stellenbosch | 2 days | R 316,000 |
| Gender Mainstreaming | Footprints Consulting | 2 days | |
| Woman Empowerment | Superior Performance | 1 day | R 11,548 |
| Status of Woman and Quality of Life | Superior Performance | 2 days | |
| Status of Woman and Quality of Life | Upright Communications | 2 days | R 16,914 |
| TOTAL | | | R 447,070 |

4.4. Bursary granted

| Awaded to | No. of beneficiary | Amount |
|----------------------|--------------------|----------|
| Administration staff | 12 | R 67,990 |
| Dependents of | 10 | R 72,530 |



NOTES

[illegible]

NORTH-WEST PROVINCIAL LEGISLATURE

[illegible]

NOTES

[illegible]

[illegible]