

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2017

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
Annual Financial Statements for the year ended 31 December 2017

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The annual financial statements for the year ended 31 December 2017 set out on pages 4 to 10 were approved by the Management Committee of the Public Service Accountability Monitor and are signed on its behalf.



.....
Mr Jay Kruise
Director



.....
Mrs Mary Fike
Financial Manager

05 June 2018
Date



Independent auditor's report

To the Management Committee of the Rhodes University Public Service
Accountability Monitor

Our opinion

In our opinion, the financial statements of the Rhodes University Public Service Accountability Monitor ("PSAM") for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements.

What we have audited

PSAM's financial statements set out on pages 4 to 10 comprise:

- the income statement for the year ended 31 December 2017;
- the balance sheet as at 31 December 2017;
- the statement of changes in reserves for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of PSAM in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with PSAM's own accounting policies to satisfy the financial information needs of the Committee. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg no. 4950174682.



Responsibilities of the Management Committee for the financial statements

The management committee of PSAM is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1 to the financial statements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the management committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee is responsible for assessing PSAM's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management committee either intends to liquidate PSAM or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PSAM's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by PSAM.
- Conclude on the appropriateness of PSAM's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PSAM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PSAM to cease to continue as a going concern.



We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Ash Rathan
Registered Auditor
Port Elizabeth
05 June 2018

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Income Statement for the year ended 31 December 2017

	Notes	2017 R	2016 R
Income			
Grants received from funders	6	9 497 370	11 029 504
Add: Miscellaneous income		726 221	435 476
Interest		129 499	123 549
Short course fees		246 222	117 892
Consulting and management fees		465 859	194 035
Grant return		(115 359)	-
		<u>10 223 591</u>	<u>11 464 980</u>
Less: Expenditure			
Human resources		10 831 653	11 437 370
Travel	7.1	7 390 624	7 210 060
Conferences and meetings	7.2	707 372	678 463
Other direct costs	7.3	1 277 067	1 941 430
Indirect costs	7.4	924 848	1 089 070
	7.5	531 742	518 347
Net (deficit)/surplus for the year		<u>(608 062)</u>	<u>27 610</u>

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Balance Sheet at 31 December 2017

	Notes	2017 R	2016 R
ASSETS			
Current assets			
Accounts receivable	2	-	2 103 798
Funds invested with Rhodes University	3	1 782 691	851 696
Current accounts with Rhodes University	4	567 680	4 601
Cash on hand		-	3 230
Total assets		<u>2 350 371</u>	<u>2 963 325</u>
EQUITY AND LIABILITIES			
Liabilities			
Accruals	5	-	4 891
Total liabilities		<u>-</u>	<u>4 891</u>
Reserves			
Represented by: PSAM current projects donor funding		478 302	1 706 786
PSAM unencumbered reserves		1 872 069	1 251 648
Total equity		<u>2 350 371</u>	<u>2 958 434</u>
Total equity and liabilities		<u>2 350 371</u>	<u>2 963 325</u>

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Statement of Changes in Reserves for the year ended 31 December 2017

	2017 R	2016 R
Retained earnings		
PSAM reserves on hand at the beginning of the current period	2 958 433	2 930 823
Net (deficit)/surplus for the year	(608 062)	27 610
PSAM reserves on hand at the end of the period	<u>2 350 371</u>	<u>2 958 433</u>
Represented by: PSAM current projects donor funding	478 302	1 706 785
PSAM unencumbered reserves	1 872 069	1 251 648

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Notes to the financial statements – 31 December 2017

1. Accounting policies

The financial statements have been prepared on the accrual basis under the historic cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Income

Income is recognised at the fair value of the consideration received for goods and services rendered. Public Sector Accountability Monitor recognises income when the amount can be reliably measured, it is probable that the future economic benefits will flow to the entity and when specific criteria have been met for each of the activities as described below.

1.1.1 Grant income

Grants are recognised as income in the financial year to which they relate, as set out in the contract relevant to each grant.

1.1.2 Interest income

Interest is recognised on a time allocation basis, calculated monthly based on the balance in the investment account and the effective interest rate over the period it was in the investment account.

1.2 Equipment

Equipment is not capitalised, but is expensed in the year of acquisition.

1.3 Accounts receivable

Accounts receivable are carried at fair value of the consideration to be received of goods and services that have been rendered or supplied.

1.4 Accounts payable

Accounts payable are carried at the fair value of the consideration to be paid for goods and services that have been received or supplied and invoiced or formally agreed with the supplier and invoiced.

1.5 Foreign translation

A foreign currency transaction is recognised in SA Rands, by applying the payment rate to the foreign currency amount. The payment rate is the actual exchange rate at the date of payment or receipt.

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Notes to the financial statements – 31 December 2017 (continued)

2. Accounts receivable	2017 R	2016 R
Funds due from funders – Open Society Foundation of South Africa	-	1 500 000
Funds due from funders – Swiss Agency for Development and Cooperation	-	520 655
Sundry receivables	-	83 143
	<u>-</u>	<u>2 103 798</u>

The funds due at year end from the Open Society Foundation and Swiss Agency for Development and Cooperation related to grants awarded for the 2016 financial year. Both amounts were received from the funders by the end of February 2017.

3. Funds invested with Rhodes University

PSAM General Reserve	1 476 073	527 220
PSAM Legal Reserves	<u>306 618</u>	<u>324 476</u>
	<u>1 782 691</u>	<u>851 696</u>

Funds invested with Rhodes University comprise cash deposits with the university which accrue interest as determined by Rhodes University, currently 4.5%.

4. Current accounts with Rhodes University

Hewlett Foundation 2012 – 7759	-	233 152
Hewlett Foundation 2015 - 2906	(324 477)	-
Action Aid	370 950	(12 139)
OSF Grant 03430	-	(757 083)
Beit Trust 2016/2015 carry forward	12 425	113 356
SDC Grant 81014063	-	(520 656)
IBP Grant CAT-2016a-ZAF-RU-PSAM	-	152 272
FOSI Grant OR 2015 – 25438	-	278 725
Heinrich Boll	-	925
PSAM General Reserve	66 625	188 797
OSISA Grant 4707	-	114 435
PSAM Legal Reserve	22 754	72
PSAM General Running	77 000	(865)
PSAM Short Course	-	5 756
ZGF Consulting	-	207 854
OSISA Grant 08029	(62 085)	-
OSF Grant 03587	404 488	-
	<u>567 680</u>	<u>4 601</u>

5. Accounts payable

Accruals	<u>-</u>	<u>4 891</u>
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Notes to the financial statements – 31 December 2017 (continued)

6. Accounts from Funders	2017 R	2016 R
Hewlett Foundation Grant 2015 – 2906	4 384 000	5 263 790
Open Society Grant 03430	133 200	3 000 000
Open Society Grant 03587	1 350 000	-
OSISA Grant 08029	954 444	-
Beit Trust	491 529	711 510
Action Aid	2 184 197	773 474
SDC Grant 81014063	-	520 656
IBP Grant CAT-2016a-ZAF-RU-PSAM	-	377 989
FOSI Grant OR 2015 - 25438	-	382 085
	<u>9 497 370</u>	<u>11 029 504</u>
6.1 Grant returns		
Heinrich Boll Foundation	(924)	-
Open Society Initiative for Southern Africa	(114 435)	-
	<u>(115 359)</u>	<u>-</u>
7. Expenditure		
7.1 Human Resources		
HR costs – staff salaries	6 006 786	6 676 485
HR costs – staff benefits	206 056	235 859
HR costs - consultants	1 177 782	297 716
	<u>7 390 624</u>	<u>7 210 060</u>
7.2 Travel		
Sundry travel and accommodation	22 501	35 682
MAP: Travel cost of the MAP programme head and staff	50 518	54 787
RLP: Regional travel by RLP head and staff (Tanzania, Zimbabwe, Mozambique & Zambia)	383 697	467 109
RLP: Regional travel in the region by the Monitoring and Evaluation officer	127 540	14 826
AIP Travel: Local research field work	17 937	1 905
CORE Travel: National & International travel: Mainly undertaken by the PSAM Director	105 179	104 154
	<u>707 372</u>	<u>678 463</u>
7.3 Conference and meetings		
MAP staff: Attending various workshops and meetings	171 425	160 176
AIP: AIP staff attending various workshops, conferences	90 476	62 406
AIP: Swaziland Conference 2016 – Travel, accommodation, DSA and logistics	-	464 023
RLP: "Lessons Learned" Regional Workshop – travel, accommodation, DSA and logistics	397 998	361 581
RLP: Short course (Fundamentals of Social Accountability" – travel, accommodation, DSA	617 168	893 244
	<u>1 277 067</u>	<u>1 941 430</u>

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Notes to the financial statements – 31 December 2017 (continued)

	2017 R	2016 R
7.4 Other Direct Costs		
7.4.1 Administration costs		
7.4.1.1 MAP administration costs		
MAP programme: Printing cost of research outputs	4 927	7 566
MAP programme: Subscriptions to newspapers and on-line journals	9 980	6 050
7.4.1.2 RLP administration costs		
RLP programme: Regional country communication and printing costs	31 479	11 027
RLP programme: Fundamental training courses: Admin, accreditation, course materials, catering	431 902	466 242
RLP Programme: "Lessons Learned" regional workshop: Venue hire, catering and conference	19 996	20 798
RLP Programme: Printing of evaluation reports	3 282	-
7.4.1.3 AIP administration costs		
AIP Programme: AIP regional conference venue hire, catering, materials	-	111 100
AIP Programme: Dissemination cost: printing and website	25 544	15 698
AIP Programme: Local/international conference registration fees for AIP staff	11 469	8 468
7.4.1.4 CORE administration costs		
Communications (mobile and fixed lines)	34 889	33 000
Copier maintenance charges and printing costs	50 705	25 787
Journal subscriptions	10 937	10 508
Courier and postage costs	2 987	4 315
Stationery	15 090	12 517
Cleaning materials and general office maintenance	2 215	2 599
Rental of archival storage facility	10 550	7 866
Security costs	6 975	7 460
Office teas, catering at events	10 213	45 700
Equipment and general repair costs	8 096	2 294
	<u>691 236</u>	<u>798 995</u>
7.4.2 Legal fees	8 518	24 828
7.4.3 Marketing and dissemination	14 804	28 689
7.4.4 Equipment (laptops, Dictaphones, pull-up board, screen monitors)	43 573	87 963
7.4.5 Staff wellness and development	68 793	85 883
7.4.6 Contingency costs	97 924	62 712
	<u>924 848</u>	<u>1 089 070</u>
7.5 Indirect cost overhead	<u>531 742</u>	<u>518 347</u>
	<u>10 831 653</u>	<u>11 437 370</u>