

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
Annual Financial Statements for the year ended 31 December 2016

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The annual financial statements for the year ended 31 December 2016 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 Kruuse
Director



.....
Mrs Mary Fike
Financial Manager

30th November 2017
.....
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 2016 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 2016;
- the balance sheet as at 31 December 2016;
- 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 2 Eglin Road, Sunninghill 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company 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

30 November 2017

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Income Statement for the year ended 31 December 2016

	Notes	2016 R
Income		
Grants received from funders	6	11 029 504
Add: Miscellaneous income		435 476
Interest		123 549
Short course fees		117 892
Consulting and management fees		194 035
		<hr/> 11 464 980
Less: Expenditure		11 437 370
Human resources	7.1	7 210 060
Travel	7.2	678 463
Conferences and meetings	7.3	1 941 430
Other direct costs	7.4	1 089 070
Indirect costs	7.5	518 347
		<hr/> 27 610
Surplus for the year		

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Balance Sheet at 31 December 2016

	Notes	2016 R
ASSETS		
Current assets		
Accounts receivable	2	2 103 798
Funds invested with Rhodes University	3	851 696
Cash on hand		3 230
Total assets		<u>2 958 724</u>
EQUITY AND LIABILITIES		
Liabilities		
Current accounts with Rhodes University	4	109 834
Accruals	5	4 891
Total liabilities		<u>114 725</u>
Reserves		
Represented by: PSAM current projects donor funding		1 592 351
PSAM unencumbered reserves		1 251 648
Total equity		<u>2 843 999</u>
Total equity and liabilities		<u>2 958 724</u>

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Statement of Changes in Reserves for the year ended 31 December 2016

	2016 R
Retained earnings	
PSAM reserves on hand at the beginning of the current period	2 816 389
Represented by: PSAM current projects donor funding	1 785 382
PSAM unencumbered reserves	1 031 007
Surplus for the year	27 610
PSAM reserves on hand at the end of the period	2 843 999
Represented by: PSAM current projects donor funding	1 592 351
PSAM unencumbered reserves	1 251 648

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Notes to the financial statements – 31 December 2016

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 generally 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.

**RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Notes to the financial statements – 31 December 2016 (continued)

2. Accounts receivable

**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>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 Fund	527 220
PSAM Legal Reserves	324 476
	<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 2015 carry forward	(233 152)
Action Aid	12 139
Open society 2015 carry forward	757 083
Beit Trust 2015 carry forward	(113 356)
Swiss 2014	520 656
IBP	(152 272)
FOSI	(278 725)
Heinrich Boel	(925)
PSAM General Fund	(188 797)
Legal fees	(72)
PSAM General Fund	865
PSAM SC	(5 756)
ZGF Consulting	(207 854)
	<u>109 834</u>

5. Accounts payable

Accruals	<u>4 891</u>
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**RHODES UNIVERSITY
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Notes to the financial statements – 31 December 2016 (continued)

6. Accounts from Funders	2016 R
Hewlett Foundation 2016	5 263 790
Open Society (as per contract)	3 000 000
Beit Trust	711 510
Action Aid	773 474
Swiss 2014	520 656
IBP	377 989
FOSI	382 085
	<u>11 029 504</u>
 7. Expenditure	
7.1 Human Resources	
HR costs – staff salaries	6 676 485
HR costs – staff benefits	235 859
HR costs - consultants	297 716
	<u>7 210 060</u>
 7.2 Travel	
Sundry travel and accommodation	35 682
MAP: Travel cost of the MAP programme head and staff	54 787
RLP: Regional travel by RLP head and staff (Tanzania, Zimbabwe, Mozambique & Zambia)	467 109
RLP: Regional travel in the region by the Monitoring and Evaluation officer	14 826
AIP Travel: Local research field work	1 905
CORE Travel: National & International travel: Mainly undertaken by the PSAM Director	104 154
	<u>678 463</u>
 7.3 Conference and meetings	
MAP staff: Attending various workshops and meetings	160 176
AIP: AIP staff attending various workshops, conferences	62 406
AIP: Swaziland Conference 2016 – Travel, accommodation, DSA and logistics	464 023
RLP: "Lessons Learned" Regional Workshop – travel, accommodation, DSA and logistics	361 581
RLP: Short course (Fundamentals of Social Accountability) – travel, accommodation, DSA	893 244
	<u>1 941 430</u>

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Notes to the financial statements – 31 December 2016 (continued)

	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	7 566
MAP programme: Subscriptions to newspapers and on-line journals	6 050
7.4.1.2 RLP administration costs	
RLP programme: Regional country communication and printing costs	11 027
RLP programme: Fundamental training courses: Admin, accreditation, course materials, catering	466 242
RLP Programme: "Lessons Learned" regional workshop: Venue hire, catering and conference	20 798
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	15 698
AIP Programme: Local/international conference registration fees for AIP staff	8 468
7.4.1.4 CORE administration costs	
Communications (mobile and fixed lines)	33 000
Copier maintenance charges and printing costs	25 787
Journal subscriptions	10 508
Courier and postage costs	4 315
Stationery	12 517
Cleaning materials and general office maintenance	2 599
Rental of archival storage facility	7 866
Security costs	7 460
Office teas, catering at events	45 700
Equipment and general repair costs	2 294
	<hr/> 798 995
7.4.2 Legal fees	24 828
7.4.3 Marketing and dissemination	28 689
7.4.4 Equipment (laptops, Dictaphones, pull-up board, screen monitors)	87 963
7.4.5 Staff wellness and development	85 883
7.4.6 Contingency costs	62 713
	<hr/> 1 089 070
7.5 Indirect cost overhead	518 347
	<hr/> 11 437 370 <hr/>