

**RHODES UNIVERSITY**

**PUBLIC SERVICE ACCOUNTABILITY MONITOR**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2018**

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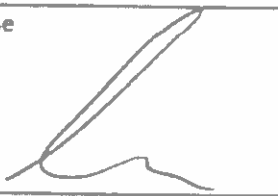
**RHODES UNIVERSITY**  
**PUBLIC SERVICE ACCOUNTABILITY MONITOR**  
**Annual Financial Statements for the year ended 31 December 2018**

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The annual financial statements for the year ended 31 December 2018 set out on pages 3 to 9 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

30<sup>th</sup> September 2019.  
Date

## *Independent auditor's report*

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

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### *Our opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Service Accountability Monitor ("PSAM") as at 31 December 2018, and its financial performance 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 comprise:

- the balance sheet as at 31 December 2018;
- the income statement for the year then ended 31 December 2018;
- the statement of changes in reserves for the year then ended 31 December 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *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 the Company 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)*.

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### *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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### *Responsibilities of the Management Committee for the financial statements*

The management committee of PSAM are responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 1 to the financial statements, and for such internal control as the directors 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 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 directors either intend to liquidate PSAM or to cease operations, or have no realistic alternative but to do so.

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### *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 the directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 September 2019

**RHODES UNIVERSITY**  
**PUBLIC SERVICE ACCOUNTABILITY MONITOR**  
**Income Statement for the year ended 31 December 2018**

	Notes	R 2018	R 2017
<b>Income</b>			
Grants received from funders	6	10,573,274	9,497,370
Add: Miscellaneous income		329,309	726,221
Interest		122,371	129,499
Short Course Fees & Sundry Income		174,637	246,222
Consulting & Management Fees		32,687	465,859
Grant Return	6.1	(386)	(115,359)
		<u>10,902,583</u>	<u>10,223,591</u>
<b>Less Expenditure</b>			
Human Resources	7.1	6,711,910	7,390,624
Travel	7.2	288,383	707,372
Conferences & Meetings	7.3	1,861,700	1,277,067
Other Direct Costs	7.4	850,879	924,848
Indirect Costs	7.5	507,820	531,742
		<u>10,220,692</u>	<u>10,831,653</u>
<b>Net surplus / (deficit) for the year</b>		<u><u>681,891</u></u>	<u><u>(608,062)</u></u>

**RHODES UNIVERSITY**  
**PUBLIC SERVICE ACCOUNTABILITY MONITOR**  
Balance Sheet at 31 December 2018

	Notes	2018 R	2017 R
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable	2	987,951	-
Funds invested with Rhodes University	3	1,887,455	1,782,691
Current accounts with Rhodes University	4	277,433	567,680
Cash on hand		210	-
<b>Total Assets</b>		<u>3,153,049</u>	<u>2,350,371</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Liabilities</b>			
Accruals	5	<u>120,787</u>	<u>-</u>
<b>Total Liabilities</b>		<u>120,787</u>	<u>-</u>
<b>Reserves</b>			
Represented by: PSAM current projects donor funding		961,694	478,302
PSAM unencumbered reserves		<u>2,070,568</u>	<u>1,872,069</u>
<b>Total Equity</b>		<u>3,032,262</u>	<u>2,350,371</u>
<b>Total Equity and Liabilities</b>		<u>3,153,049</u>	<u>2,350,371</u>

**RHODES UNIVERSITY**  
**PUBLIC SERVICE ACCOUNTABILITY MONITOR**  
**Statement of Changes in Reserves for the year ended 31 December 2018**

	R 2018	R 2017
<b>Retained Earnings</b>		
PSAM reserves on hand at the beginning of the current period	2,350,371	2,958,433
Net surplus / (deficit) for the year	681,891	(608,062)
<b>PSAM reserves on hand at the end of the period</b>	<u>3,032,262</u>	<u>2,350,371</u>
Represented by: PSAM current projects donor funding	961,694	478,302
PSAM unencumbered reserves	2,070,568	1,872,069

# **RHODES UNIVERSITY**

## **PUBLIC SERVICE ACCOUNTABILITY MONITOR**

Notes to the financial statements - 31 December 2018

### **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 Service 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.

##### **1.1.3 Other Income**

Other income is recognised on the accrual basis unless collectability is in doubt.

#### **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 2018 (continued)

2. Accounts receivable	2018	2017
	R	R
Funds due from funders - Open Society Initiative for Southern Africa	950,910	-
Funds due from funders - Open Society Foundation of South Africa	-	-
Funds due from funders - Swiss Agency for Development and Cooperation	-	-
Interest Receivable	23,920	-
Sundry receivables	13,121	-
	<u>987,951</u>	<u>-</u>

*The funds due at 2018 year end from the Open Society Initiative for Southern Africa, relate to grant G08029 awarded in 2017 financial year. The third tranche of \$71, 107.50, which was due in October 2018, was only received in March 2019.*

*The funds due at 2016 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 (Account 52721)	1,568,079	1,476,073
PSAM Legal Reserves (Account 52720)	319,376	306,618
	<u>1,887,455</u>	<u>1,782,691</u>

Funds invested with Rhodes University comprise cash deposits with the university which accrue interest as determined by Rhodes University, December 2018 rate 4.25%.

4. Current accounts with Rhodes University		
Willian & Flora Hewlett Foundation Grant: 2015 - 2906 - (Account 19121)	(350,949)	(324,477)
SDC / Action Aid Contract 81035466 - (Account 19123)	297,424	370,950
The Beit Trust (Account 19110)	12,115	12,425
PSAM General Fund (Account 19005)	165,035	66,625
PSAM Legal Fees (Account 19009)	4,869	22,754
PSAM MAP Programme (Account 19101)	(121)	-
PSAM General Fund (Account 19120)	-	77,000
PSAM SC 63/18 (Account 55445)	(48)	-
OPEN SOCIETY INITIATIVE for SOUTHERN AFRICA GRANT G08029 - (Account 19124)	(606,298)	(62,085)
OPEN SOCIETY FOUNDATION GRANT 03587 - (Account 19125)	685,516	404,488
EUROPEAN UNION DCI -AFS/2017/ 390-941 (Account 19126)	69,505	-
PSAM Nxele L RU Grant TS23/2018 (Account 30292)	386	-
	<u>277,433</u>	<u>567,680</u>

5. Accounts payable		
2018 Expense accruals	120,787	-
	<u>120,787</u>	<u>-</u>

**RHODES UNIVERSITY**  
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Notes to the financial statements - 31 December 2018 (continued)

	2018 R	2017 R
<b>6. Accounts from Funders</b>		
Willian & Flora Hewlett Foundation Grant: 2015 - 2906	4,492,800	4,384,000
Open Society Foundation Grant 03430	-	133,200
Open Society Foundation Grant 03587	1,410,000	1,350,000
Open Society Initiative for Southern Africa (OSISA) Grant 08029	1,808,057	954,444
The Beit Trust	504,185	491,529
SDC / Action Aid Contract 81035466	1,205,355	2,184,197
EUROPEAN UNION DCI -AFS/2017/ 390-941	627,934	-
Foundation to Promote Open Society (FPOS) Grant OR2018-43327	476,367	-
Rhodes University Conference Travel Grant	48,577	-
	<u>10,573,274</u>	<u>9,497,370</u>
<b>6.1 Grants Returns</b>		
Heinrich Boell Foundation	-	(924)
Open Society Initiative for Southern Africa (OSISA grant 4707)	-	(114,435)
Nxele L RU Grant TS23/2018	(386)	
	<u>(386)</u>	<u>(115,359)</u>
<b>7. Expenditure</b>		
<b>7.1 Human Resources</b>		
HR costs - Staff salaries	6,381,330	6,006,786
HR costs - Staff benefits	212,875	206,056
HR costs - Consultants	117,706	1,177,782
	<u>6,711,910</u>	<u>7,390,624</u>
<b>7.2 Travel</b>		
SUNDRY Travel and Accommodation	1,662	22,501
MAP: Travel cost of the MAP programme head & staff	62,214	50,518
RLP: Regional travel by RLP head & staff (Tanzania, Zimbabwe, Mozambique & Zambia)	142,825	383,697
RLP: Regional travel in the region by the Monitoring & Evaluation Officer.	-	127,540
AIP Travel: Social accountability research field work	800	17,937
CORE Travel: National & International travel: Mainly undertaken by the PSAM Director	80,881	105,179
	<u>288,383</u>	<u>707,372</u>
<b>7.3 Conferences &amp; Meetings</b>		
MAP staff: Attending various workshops and meetings	196,342	171,425
AIP: AIP staff attending various workshops, conferences	158,355	90,476
AIP 2018 Conference: Travel, accommodation, DSA & logistics	305,578	-
AIP - MEL Workshop	323,631	-
RLP: "Lessons Learned" Regional Workshop - travel, accomm, DSA & logistics	199,415	397,998
RLP: Short course "Fundamentals of Social Accountability" - travel, accommodation, DSA, logistics	678,379	617,168
	<u>1,861,700</u>	<u>1,277,067</u>

**RHODES UNIVERSITY**  
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Notes to the financial statements - 31 December 2018 (continued)

	2018 R	2017 R
<b>7.4 Other Direct Costs</b>		
<b>7.4.1 Administration Costs</b>		
<b>7.4.1.1 MAP Administration Costs</b>		
MAP programme: Printing cost of research outputs	24,507	4,927
MAP programme: Subscriptions to newspapers and on-line journals	2,825	9,980
<b>7.4.1.2 RLP Administration Costs</b>		
RLP programme: Printing of evaluation reports	6,310	3,282
RLP programme: Regional country communication and printing costs	15,839	31,479
RLP programme: Fundamental training courses: Admin, accreditation, course materials, catering etc	371,997	431,902
RLP Programme: "Lessons Learned" Regional workshop: Venue hire, catering & conference packs.	5,661	19,996
<b>7.4.1.3 AIP Administration Costs</b>		
AIP Programme: AIP regional conference Venue hire, catering, materials	57,455	-
AIP Programme: Dissemination cost: printing and website	12,884	25,544
AIP Programme: Local/International conference registration fees for AIP staff	13,326	11,469
<b>7.4.1.4 CORE Administration Costs</b>		
Communications (mobile and fixed lines )	30,633	34,889
Copier maintenance charges & printing costs.	29,587	50,705
Journal subscriptions	671	10,937
Courier & postage costs	4,685	2,987
Stationery	6,585	15,090
Cleaning materials & general office maintenance	60	2,215
Rental of archival storage facility	9,120	10,550
Security costs	3,255	6,975
Office teas, catering at events	13,789	10,213
Equipment & general repair costs	3,068	8,096
<b>7.4.2 Management Fees</b>	11,212	-
<b>7.4.3 Legal Fees</b>	17,885	8,518
<b>7.4.4 Marketing and Dissemination</b>	11,755	14,804
<b>7.4.5 Equipment (Laptops, dictaphones, pull-up boards, screen monitors)</b>	47,883	43,573
<b>7.4.6 Staff Wellness &amp; Development</b>	46,545	68,793
<b>7.4.7 Contingency costs</b>	103,344	97,924
	<b>850,879</b>	<b>924,848</b>
<b>7.5 Indirect Cost overhead</b>	<b>507,820</b>	<b>531,742</b>
<b>TOTAL</b>	<b>10,220,692</b>	<b>10,831,653</b>

