

RHODES UNIVERSITY

PUBLIC SERVICE ACCOUNTABILITY MONITOR
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2019

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
Annual Financial Statements for the year ended 31 December 2019

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The annual financial statements for the year ended 31 December 2019 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.

Jay Kruise Digitally signed by Jay Kruise
Date: 2021.06.23 11:53:08
+02'00'

Mr Jay Kruise
Director

Mary Fike Digitally signed by
Mary Fike
Date: 2021.06.23
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Mrs Mary Fike
Financial Manager

23 June 2021
Date



Independent auditor's report

To the Members of the Rhodes University Public Service Accountability Monitor

Our opinion

In our opinion, the financial statements of Rhodes University Public Service Accountability Monitor (the Company) for the year ended 31 December 2019 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the Companies Act of South Africa.

What we have audited

Rhodes University Public Service Accountability Monitor's financial statements set out on pages 4 to 10 comprise:

- the balance sheet as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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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 the company's own accounting policies to satisfy the financial information needs of the company's members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Rhodes University Public Service Accountability Monitor Annual Financial Statements for the year ended 31 December 2019 as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of these financial statements in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances 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 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 the Company'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 the Company to cease to continue as a going concern.

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: A Rathan

Registered Auditor

Gqeberha

23 June 2021

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
Income Statement for the year ended 31 December 2019

	Notes	R 2019	R 2018
Income			
Grants received from funders	6	12,508,236	10,573,274
Add: Miscellaneous income		442,541	329,309
Interest		188,805	122,371
Short Course Fees & Sundry Income		200,200	174,637
Consulting & Management Fees		82,437	32,687
Grant Return		(28,901)	(386)
		12,950,777	10,902,583
Less Expenditure		10,384,967	10,220,692
Human Resources	7.1	6,952,455	6,711,910
Travel	7.2	537,617	288,383
Conferences & Meetings	7.3	1,487,879	1,861,700
Other Direct Costs	7.4	853,334	850,879
Indirect Costs	7.5	553,682	507,820
Net (deficit) / surplus for the year		2,565,810	681,891

RHODES UNIVERSITY
PUBLIC SERVICE ACCOUNTABILITY MONITOR
Balance Sheet at 31 December 2019

	Notes	2019 R	2018 R
ASSETS			
Current assets			
Accounts receivable	2	475,444	987,951
Funds invested with Rhodes University	3	1,605,777	1,887,455
Current accounts with Rhodes University	4	3,632,542	277,433
Cash on hand		-	210
Total Assets		<u>5,713,763</u>	<u>3,153,049</u>
EQUITY & LIABILITIES			
Liabilities			
Accruals	5	<u>115,691</u>	<u>120,787</u>
Total Liabilities		<u>115,691</u>	<u>120,787</u>
Reserves			
Represented by: PSAM current projects donor funding		3,231,570	961,694
PSAM unencumbered reserves		<u>2,366,502</u>	<u>2,070,568</u>
Total Equity		<u>5,598,072</u>	<u>3,032,262</u>
Total Equity and Liabilities		<u>5,713,763</u>	<u>3,153,049</u>

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

	R 2019	R 2018
Retained Earnings		
PSAM reserves on hand at the beginning of the current period	3,032,261.87	2,350,370.95
Net (deficit) / surplus for the year	<u>2,565,810.36</u>	<u>681,890.92</u>
PSAM reserves on hand at the end of the period	<u>5,598,072.23</u>	<u>3,032,261.87</u>
 Represented by: PSAM current projects donor funding	 3,231,570.23	 961,693.57
PSAM unencumbered reserves	2,366,502.00	2,070,568.30
	5,598,072.23	3,032,261.87

RHODES UNIVERSITY

PUBLIC SERVICE ACCOUNTABILITY MONITOR

Notes to the financial statements - 31 December 2019

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.

1.1.3 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.

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PUBLIC SERVICE ACCOUNTABILITY MONITOR

Notes to the financial statements - 31 December 2019 (continued)

2. Accounts receivable

	2019 R	2018 R
Funds due from funders - Open Society Initiative for Southern Africa		950,910
Funds due from funders - Action Aid International	345,444	
Interest Receivable	-	23,920
Sundry receivables	130,000	13,121
	<u>475,444</u>	<u>987,951</u>

The funds due at 2019 year end: Action Aid International, final tranche of 7% of grant award. Funds were due in August 2019 but were only received in 2020. 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 was due in October 2018.

3. Funds invested with Rhodes University

PSAM General Fund (Account 52721)	1,352,321	1,568,079
PSAM Legal Reserves (Account 52720)	253,457	319,376
	<u>1,605,777</u>	<u>1,887,455</u>

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

4. Current accounts with Rhodes University

Hewlett Foundation # 2015 - 2906 (Account 19121)	38,307.39	(350,949)
Action Aid (Account 19123)	-	297,424
Beit Trust 2015 carry forward (Account 19110)	266,584.42	12,115
PSAM General Fund (Account 19005)	226,474.29	165,035
PSAM Legal Fees (Account 19009)	81,539.30	4,869
PSAM MAP Programme (Account 19101)	-	(121)
PSAM CORE (Account 19104)	22,493.67	-
PSAM SC 63/18 (Account 55445)	-	(48)
PSAM OSISA (Account 19124)	0.00	(606,298)
PSAM OSF (Account 19125)	0.00	685,516
PSAM DOI-EU (Account 19126)	106,012.03	69,505
PSAM FPOS (Account 19127)	-	-
PSAM Heinrich Boell (Account 19128)	29,196.89	-
PSAM OSF (Account 19129)	2,485,183.83	-
PSAM Action Aid International SDC (Account 19130)	277,312.05	-
PSAM Hewlett (Account 19131)	85,437.89	-
PSAM Nxele L RU Grant TS23/2018 (Account 30292)	-	386
PSAM Nxele L RU Grant TS34/2019 (Account 30293)	11,900.66	-
PSAM SC 09/19 (Account 55708)	2,100.00	-
	<u>3,632,542.42</u>	<u>277,433</u>

5. Accounts payable

Accruals	115,691	120,787
	<u>115,691</u>	<u>120,787</u>

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Notes to the financial statements - 31 December 2019 (continued)

	2019 R	2018 R
6. Accounts from Funders		
Hewlett Foundation Grant # 2015 - 2906 (2019: \$370,000 @ ZAR14.2656 & 2018: \$360,000 @ ZAR12.48)	5,278,272.00	4,492,800.00
Hewlett Foundation Grant # 2019 -9585 (\$20,000 @ ZAR14.5107)	290,214.00	-
Open Society Foundation Grant # 03587	-	1,410,000.00
Open Society Foundation Grant # 03810	3,000,000.00	-
Open Society Initiative for Southern Africa (OSISA) Grant 08029 \$71,107.50 @ ZAR14.30485	1,017,182.21	1,808,056.76
Beit Trust (30,0000 GBP @ 1GBP : R17.6083 (2019) & R16.8062 (2018)	528,249.99	504,184.86
Action Aid International (7% held back \$23, 419.66 @ ZAR14.7502)	345,443.51	1,205,354.72
Action Aid International (\$72, 935.00 @ ZAR14.5346)	1,060,081.05	-
EU PPIPP Grant AFS/ 2017/ 3990 - 941	762,445.43	627,933.60
Foundation to Promote Open Society (FPOS) Grant OR2018-43327	-	476,366.90
Heinrich Boell Foundation Grant #2012/009253/08	190,000.00	-
Rhodes University Conference Travel Grant	36,348.00	48,577.10
Swiss Agency for Development and Cooperation Grant 81014063	-	-
International Budget Partnership (IBP) - Grant: CAT-2016A-ZAF-RU-PSAM	-	-
FOSI Grant OR2015-25438	-	-
Open Society Grant 03430	-	-
	12,508,236.19	10,573,273.94
6.1 Grants Returns		
Nxele L RU Grant TS23/2018	-	(386)
Open Society Foundation Grant Return #03587	17,000.00	-
Rhodes University Conference Travel Grant Return	11,900.66	-
Open Society Initiative for Southern Africa (OSISA) - Grant # 4707	-	-
	28,900.66	(386.00)
7. Expenditure		
7.1 Human Resources		
HR costs - Staff salaries	6,667,073.14	6,381,329.69
HR costs - Staff benefits	209,282.15	212,874.89
HR costs - Consultants	76,100.00	117,705.55
	6,952,455.29	6,711,910.13
7.2 Travel		
SUNDRY Travel and Accommodation	48,976.76	1,661.74
MAP: Travel cost of the MAP programme head & staff	62,531.25	62,214.30
RLP: Regional travel by RLP head & staff (Tanzania, Zimbabwe, Mozambique & Zambia)	266,541.20	142,825.24
RLP: Travel by MEL framework consultant	16,514.41	0.00
AIP Travel: Social accountability research field work	1,874.97	800.27
CORE National / International travel: Undertaken mainly by PSAM director	141,178.48	80,881.24
	537,617.07	288,382.79
7.3 Conferences & Meetings		
MAP staff: Attending various workshops and meetings	220,800.70	196,341.90
AIP: AIP staff attending various workshops, conferences	64,662.68	158,355.12
AIP: Swaziland Conference 2018 - Travel, accommodation, DSA & logistics	-	305,577.67
AIP - MEL Workshop	-	323,631.21
RLP: "Lessons Learned" Regional Workshop - travel, accommodation, DSA & logistics	501,795.75	199,415.17
RLP: Short course "Fundamentals of Social Accountability" - travel, accommodation, DSA, logistics	700,619.72	678,379.30
	1,487,878.85	1,861,700.37

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PUBLIC SERVICE ACCOUNTABILITY MONITOR
Notes to the financial statements - 31 December 2019 (continued)

	2019 R	2018 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	9,896	24,507
MAP programme: Subscriptions to newspapers and on-line journals	-	2,825
7.4.1.2 RLP Administration Costs		
RLP programme: Printing of evaluation reports	9,660	6,310
RLP programme: Regional country communication and printing costs	2,692	15,839
RLP programme: Fundamental training courses: Admin, accreditation, course materials, catering etc	412,575	371,997
RLP Programme: "Lessons Learned" Regional workshop: Venue hire, catering & conference packs.	44,262	5,661
7.4.1.3 AIP Administration Costs		
AIP Programme: AIP regional conference Venue hire, catering, materials	-	57,455
AIP Programme: Dissemination cost: printing and website	6,253	12,884
AIP Programme: Local/International conference registration fees for AIP staff	5,053	13,326
7.4.1.4 CORE Administration Costs		
Communications (mobile and fixed lines)	24,443	30,633
Copier maintenance charges & printing costs.	23,207	29,587
Journal subscriptions	975	671
Courier & postage costs	2,356	4,685
Stationery	11,305	6,585
Cleaning materials & general office maintenance	284	60
Rental of archival storage facility	9,200	9,120
Security costs	11,298	3,255
Office teas, catering at events	14,494	13,789
Equipment & general repair costs	2,841	3,068
Audit fee	38,845	-
Bank charges	-	-
7.4.2 Management Fees	-	11,212
7.4.3 Legal Fees	-	17,885
7.4.4 Marketing and Dissemination	5,105	11,755
7.4.5 Equipment (Laptops, dictaphones, pull-up boards, screen monitors .)	76,994	47,883
7.4.6 Staff wellness & development.	28,184	46,545
7.4.7 Sundry admin and contingency costs	113,412	103,344
	853,334	850,879
7.5 Indirect Cost overhead	553,682	507,820
TOTAL	10,384,967	10,220,692