

# 2018

ELECTORAL COMMISSION

# ANNUAL REPORT



SOUTH AFRICA



ELECTORAL COMMISSION  
**ANNUAL REPORT**  
**2018**



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# Part A General information



**LET'S GET  
SA'S VOTERS  
ON THE MAP**





# 1. Abbreviations and acronyms

<b>AAEA</b>	Association of African Electoral Authorities
<b>ADeC</b>	African Democratic Change
<b>AGSA</b>	Auditor-General of South Africa
<b>API</b>	Application Programming Interface
<b>APP</b>	Annual Performance Plan
<b>ASB</b>	Auditing Standards Board
<b>A-WEB</b>	Association of World Election Management Bodies
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>BOM</b>	Bill of Materials
<b>BPG</b>	Ballot Paper Generation
<b>CAE</b>	Chief Audit Executive
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CCS</b>	Control Compliance Suite
<b>CDE</b>	Civic and Democracy Education
<b>CEN</b>	Commonwealth Electoral Network
<b>CEO</b>	Chief Electoral Officer
<b>CGU</b>	Cash-generating Unit
<b>CSD</b>	Central Supplier Database
<b>Commission</b>	The Commissioners appointed in terms of section 6(1) of the Electoral Commission Act, Act No 51 of 1996
<b>DCEO</b>	Deputy Chief Electoral Officer
<b>DHA</b>	Department of Home Affairs
<b>DRP</b>	Disaster Recovery Plan
<b>ECF</b>	Electoral Commissions Forum
<b>Electoral Commission</b>	The Electoral Commission established in section 3(1) of the Electoral Commission Act, Act No 51 of 1996, i.e. the organisation
<b>EE</b>	Employment Equity
<b>EPC</b>	Electoral Project Coordinator
<b>ERMC</b>	Executive Risk Management Committee
<b>ESS</b>	Election Satisfaction Survey
<b>EXCO</b>	Executive Committee
<b>GEPF</b>	Government Employees Pension Fund
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GRC</b>	Governance, Risk and Compliance
<b>IIA</b>	Institute of Internal Auditors
<b>ICPS</b>	International Centre for Parliamentary Studies
<b>ICT</b>	Information and Communication Technology
<b>International IDEA</b>	International Institute for Democracy and Electoral Assistance
<b>IEC</b>	Independent Electoral Commission
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>ISA</b>	International Standards on Auditing

<b>LAN</b>	Local Area Network
<b>LEAD</b>	Legal Education and Development
<b>LIS</b>	Logistics Information System
<b>MDEA</b>	Management of Democratic Elections in Africa
<b>MEO</b>	Municipal Electoral Officer
<b>MF</b>	Minority Front
<b>MTEF</b>	Medium-term Expenditure Framework
<b>MRP</b>	Materials Requirement Plan
<b>NEHAWU</b>	National Education, Health and Allied Workers' Union
<b>NPLC</b>	National Party Liaison Committee
<b>NPR</b>	National Population Register
<b>OMS</b>	Outreach Management System
<b>PAA</b>	Public Audit Act of South Africa 2004, Act No 25 of 2004
<b>PBSU</b>	Programmable Barcode Scanning Unit
<b>PEO</b>	Provincial Electoral Officer
<b>PFMA</b>	Public Finance Management Act
<b>PLC</b>	Party Liaison Committee
<b>POPI</b>	Protection of Personal Information Act
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>PR</b>	Proportional representation
<b>RAF</b>	Road Accident Fund
<b>RAMS</b>	Radio audience measurement statistics
<b>REC1</b>	Registration application form
<b>RPPF</b>	Represented Political Parties' Fund
<b>SADC</b>	Southern African Development Community
<b>SAN</b>	Storage Area Network
<b>SCM</b>	Supply Chain Management
<b>SIEM</b>	Security Information and Event Management
<b>SMME</b>	Small, medium and micro enterprises
<b>SMS</b>	Short Message Service
<b>SSIM</b>	Structural Similarity
<b>TAMS</b>	Television audience measurement statistics
<b>UCDP</b>	United Christian Democratic Party
<b>Unisa</b>	University of South Africa
<b>UPS</b>	Uninterrupted power supply
<b>USSD</b>	Unstructured supplementary services data
<b>VAT</b>	Value-added tax
<b>VPS</b>	Voter Participation Survey
<b>VRS</b>	Voter Registration System
<b>WAN</b>	Wide Area Network



## 2. Foreword by the Chairperson

It is an honour to present the 2017/18 Annual Report, which outlines the activities of the Electoral Commission during the course of the 2017/18 financial year.

The Electoral Commission was established in terms of Chapter 9 of the Constitution of the Republic of South Africa to:

- manage elections of national, provincial and municipal legislative bodies;
- ensure that those elections are free and fair; and
- declare the results of these elections within a period that must be prescribed by national legislation.

Since its establishment in 1997, the Electoral Commission has successfully implemented its constitutional mandate, resulting in a stable and peaceful political environment in the country.

During the period under review, the country has seen an increase in the enthusiasm of South Africans to participate in our electoral democracy. Such enthusiasm is highlighted in the number of registered political parties in the country, the increase in the number of registered voters on the voters' roll, increased participation in by-elections, and the number of court challenges that have been brought about by political parties and voters alike in order to seek clarity on various election-related matters.

To ensure that South Africans exercise their right to participate in the electoral process of the country, the Electoral Commission has developed various measures for voters to register to vote and to confirm their registration status. Such measures include registration at local offices of the Electoral Commission, registration during by-elections or major elections, and an online registration facility where voters can update their registration status. These initiatives have resulted in a progressive increase in the number of registered voters. Currently, more than 26 million voters are registered on the national common voters' roll.

In addition to the above and in ensuring the freeness and fairness of our elections, the Electoral Commission has embarked on an exercise to obtain an address for each registered voter. This exercise was driven by the landmark Constitutional Court judgment of June 2016, which ruled that the Electoral Commission had an obligation to obtain and reflect voters' addresses on the voters' roll. A number of initiatives have been undertaken towards achieving the court ruling and to report on progress according to the milestones set by the Constitutional Court.

In the financial year under review, key measures included the introduction of an online address facility where registered voters can check and confirm their address via the internet, and the Voter Registration Weekend on 10 and 11 March 2018, during which more than 22 600 voting stations were opened



*Chairperson: Glen Mashinini*



for both registered voters and new voters to register, and to update and confirm their registration details. This weekend saw more than 2.7 million voters visiting voting stations. Other initiatives included targeted address initiatives linked to by-elections held during the year. These and other measures are ongoing, and include working with address information obtained from both commercial and public sector institutions (including government departments, municipalities and state-owned enterprises) to update the voters' roll where the information is reliable and up-to-date. All initiatives have been supported by extensive and ongoing communication with voters – especially those for whom an address is not available – to urge their participation in rectifying the voters' roll.

At the time the judgment was given, approximately 18 million South Africans on the voters' roll either did not have an address, or only had partial addresses. Due to these initiatives and the enthusiasm of South African voters, the Electoral Commission has reduced that number to approximately six million voters. It is anticipated that this figure would have dropped even lower by the time this report is published.

The obligations of the Electoral Commission to maintain an up-to-date and accurate voters' roll go beyond meeting the deadline set by the Constitutional Court, and must be a continuous undertaking and pursuit of the Electoral Commission.

To this end, the Electoral Commission embarked on a process to upgrade its technologies. Currently, a procurement process has been put in place to replace the registration scanning devices, commonly known as zip-zip machines, with a device that has a greater capacity to capture and store a voter's address, and to ensure the accurate placement of a voter upon registration in the correct segment of the voters' roll based on their place of ordinary residence.

In any multiparty democracy, political parties are essential stakeholders in that they offer citizens a choice in governance. The participation of citizens in political parties offers unique benefits, including opportunities to influence policy choices, choose and engage political leaders, and run for office.

Section 15 of the Electoral Commission Act, Act No. 51 of 1996, provides for a process for the registration of political parties. Currently, there are 563 registered political parties in South Africa. Of these, 245 are registered to contest national elections. It is anticipated that the number of political parties will increase as we get closer to the 2019 National and Provincial Elections.

Democracy globally, and indeed in South Africa, continues to evolve and deepen, resulting in citizens' growing expectations from institutions that safeguard democracy. In the South African context, this has been evidenced

in the growing number of legal interrogations in recent times on a number of areas of elections practice and processes, including corollary judgments on these matters. Notably, the 2016 Constitutional Court judgment ordered the Commission, by 30 June 2018, to have obtained and recorded all addresses on the national common voters' roll that were reasonably available as at 17 December 2003. The Commission takes cognisance of the demands that are concomitant with a maturing democracy, and endeavours to proactively investigate the latest trends, challenges and developments in democratic electoral management and related processes in order to adequately respond to these demands. Among the ways in which the Commission goes about this is its ongoing participation in the global and regional election management environment. It has thus continued its investment in membership of organisations such as the Electoral Commissions Forum (ECF) of the Southern African Development Community (SADC), the International Institute for Democracy and Electoral Assistance (International IDEA), the Commonwealth Electoral Network (CEN), the International Centre for Parliamentary Studies (ICPS), and the Association of World Election Management Bodies (A-WEB). The Commission has leveraged significantly, through peer exchange of experience and expertise, with the objective of contributing to the strengthening of electoral democracy worldwide.

The Commission wishes to highlight that the terms of offices of three of its members will concurrently conclude in the course of the 2018/19 financial year. These are Commissioner Rev. Bongani Finca, Judge Gidfonta Makhanya and Commissioner Terry Tselane (Vice-Chairperson). Section 6 of the Electoral Commission Act also prescribes the manner in which these positions are to be filled. The Commission hopes to function in full complement when preparing for the 2019 National and Provincial Elections.

In the current reporting period, the Commission functioned in full complement as per Section 6(1) of the Electoral Commission Act, and is satisfied with the extent to which it has discharged its constitutional obligations. The Commission extends its gratitude to its staff for contributing to the discharge of its constitutional mandate. Furthermore, the Commission extends appreciation to all stakeholders in electoral democracy, including political parties and South African citizens, for continuing to play an active role in strengthening constitutional democracy.

**Chairperson**  
**Glen Mashinini**  
**31 July 2018**



## 3. Chief Electoral Officer's overview

### Introduction

Presented for tabling to the National Assembly, this report sets out a record of the activities and operations undertaken by the Electoral Commission during the period 1 April 2017 to 31 March 2018. It includes the audited Annual Financial Statements.

The outcome of the 2016 Local Government Elections resulted in the highest number of “hung councils” in South Africa’s democratic history, including some of the metropolitan councils. The result of this was the establishment of coalition governments in more than 25 councils. Over the past year, these coalitions have presented councils with challenges in terms of reaching agreement on key decisions, budgets and policy priorities. In at least two municipalities – Nquthu and Metsimaholo – the coalitions have collapsed, leading to the dissolution of the council and by-elections throughout the municipalities.

In many others, there have been changes in allegiance and loyalty, which, along with a disturbing continuation of political violence (especially in KwaZulu-Natal), have led to a significant increase in the number of by-elections.

At the same time, the Electoral Commission has been faced with the imperative to meet the ruling of the Constitutional Court with regard to the acquisition of addresses for voters on the voters’ roll in line with section 16(3) of the Electoral Act.

These binary factors – an increase in the number of by-elections and the acquisition of addresses – have significantly increased the workload of the Electoral Commission. This increased workload finds practical expression ahead of by-elections primarily because of the order of the Constitutional Court on the suspension of the declaration of invalidity of excluded by-elections.

At the same time, the imperative to include addresses of voters on the voters’ roll, along with increased political contestation, have resulted in an increase in objections to voters being registered on particular segments of the voters’ roll, especially segments implicated in by-elections. This increase in the number of objections has resulted in some by-elections having to be postponed.

Cumulatively, these factors have led to an increase in demand on the resources of the Electoral Commission at a time when it is seeking to prepare for the 2019 National and Provincial Elections.

In the year under review, the actual address yield was approximately 1.2 million. However, this yield was not yet fully captured on the voter registration system owing to the proximity of the general registration weekend to the close of the financial year. The total actual address yield



*Chief Electoral Officer: Phatudi Simon Mamabolo*



is comprised of the general registration weekend activity, by-election registration activities, as well as address data procured from other government sources.

### General performance review of the Electoral Commission

This report seeks to provide an overview of the Electoral Commission’s key performance achievements against its strategic objectives. Of the 25 performance targets set for the year under review, 20 (or 80%) were achieved. This is a significant improvement when compared to the prior-year achievement of 62%, and is a result of increased controls over performance monitoring. A high-level summary of achievements is set out in Section 2.4 in Part B of this Annual Report. The details of the achievements and under-achievements are reflected under each relevant programme elsewhere in this report. The number of targets not achieved can mainly be attributed to election-related pressures, factors outside the control of the Electoral Commission and budget constraints experienced during the period under review.

### General financial review of the Electoral Commission

The Electoral Commission received R1.3 billion for the year under review by way of a Parliamentary Grant. Sundry income, consisting largely of interest earned in the amount of R14.7 million, brought the Electoral Commission’s total income to R1.32 billion for the year under review. Expenditure reflected in the Annual Financial Statements

– on the accrual basis – was R1.3 billion, giving an accounting surplus of R21.4 million.

Initially, no main registration activities were planned for the 2017/18 financial year, but the Electoral Commission had to reprioritise its spending needs to provide for various address harvesting initiatives, including a registration drive on 10 and 11 March 2018 to address the deficiencies in the current voters’ roll, as outlined above. This resulted in tremendous funding pressures. However, despite these funding difficulties that were experienced, the Electoral Commission succeeded in maintaining its spending within budget.

The liquidity ratio improved in the current year due to an increase in the cash position, resulting from prudent expenditure control measures that were implemented to provide for the planned capital expenditure in 2018/19.

### Spending trends

Expenditure is mainly influenced by the election cycle, peaking during preparations for an election and decreasing again to fund regular activities in non-election cycles. The figure below sets out the expenditure trends since 1999. In this regard, it is also important to note the influence of the higher number of voting stations, as a result of the increase in the number of registered voters, on expenditure trends. In addition, the year under review reflected the impact of the costs incurred in relation to improving the quality of the national voters’ roll in line with the recent court judgments by the Electoral Court and the Constitutional Court.

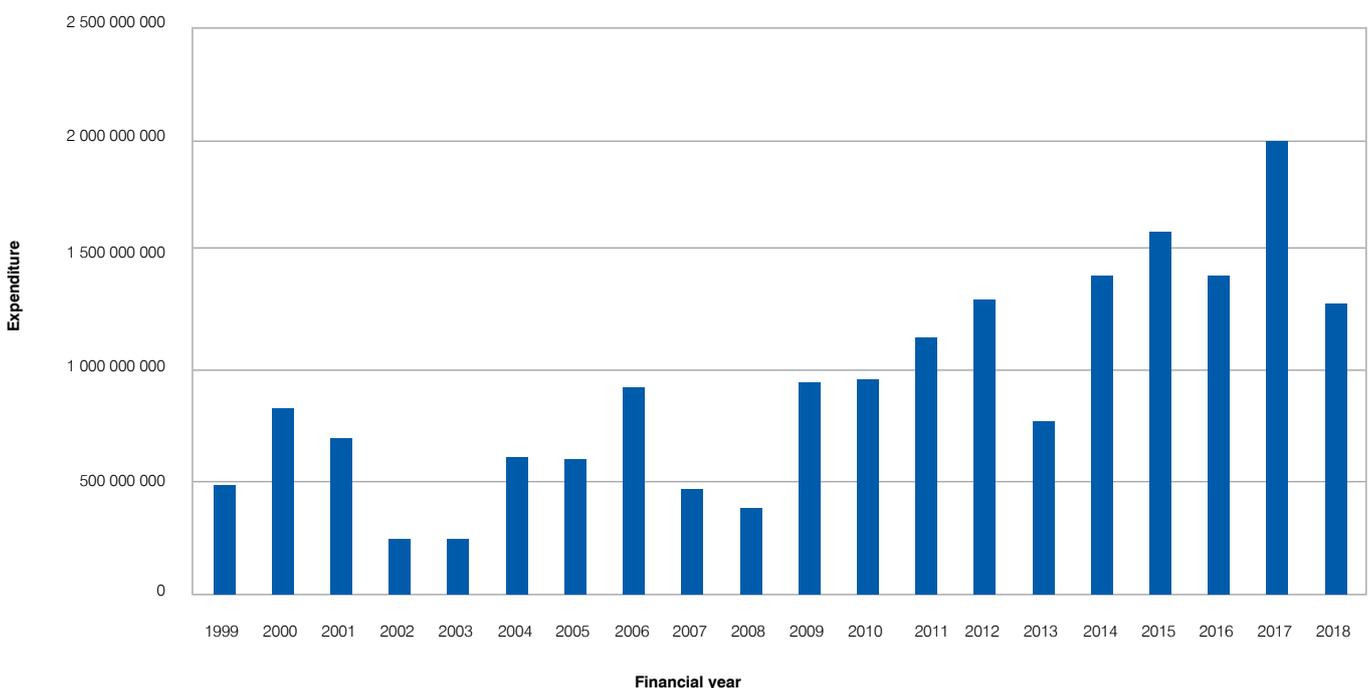


Figure 1: Expenditure pattern of the Electoral Commission since 1999



The Electoral Commission has a full-time establishment of 1 033 permanent members of staff. As at 31 March 2018, 926 posts were filled. For the March 2018 registration weekend, staff capacity was expanded with the employment of fixed-term staff, including 354 assistant project coordinators and 4 392 area managers. In addition, some 67 289 temporary staff members were employed in various capacities to assist at voting stations.

The employment of temporary staff members in these numbers presents challenges. One of the Electoral Commission's key areas of focus is to continuously identify and address training needs, particularly for staff members at voting stations who have statutory responsibilities, and who are the public face of the organisation during election and registration periods.

## Supply chain management

I am satisfied that the Electoral Commission has sound supply chain management practices, supported by a procurement policy, standard operating procedures and a fully functional Compliance Unit. In 2017/18, irregular expenditure of R71 247 803 was incurred. Of this, R40 279 756 is the current year expenditure in relation to the Riverside Office Park transaction. Following the report of the Public Protector, and the forensic audit commissioned by National Treasury in December 2014, members of the Commission approached the High Court to set aside the Riverside Office Park lease agreement. The Court dismissed the application in July 2017, resulting in the Electoral Commission remaining in the premises for the remainder of the contract period. Payments relating to the Riverside Office Park lease are classified as irregular expenditure. National Treasury has condoned the related expenditure.

Fruitless and wasteful expenditure amounting to R1 292 454 was reported in the current financial year and is reflected in Note 29 of the Annual Financial Statements. Of this, R1 100 745 was incurred in the previous financial year and identified in the current financial year. The expenditure relates mainly to the misuse of a petrol card, which was investigated with corrective action being taken in the form of a dismissal. Criminal charges were instituted to prevent recurrence. The case has also been reported to the South African Police Service. The balance of the expenditure relating to late payments will be investigated to determine whether it will be economical to recover it. Steps have been taken to prevent recurrence.

During the year under review, the Bid Adjudication Committee met 50 times. A total of 141 auctions were run on

eProcurement and 58 tenders were awarded. No unsolicited bids were accepted.

No significant gifts were received in the financial year.

## Audit report matters in the previous year and how these were addressed

The Electoral Commission received an unqualified audit in 2016/17 with compliance findings on irregular expenditure and performance information. The focus for 2017/18 has been on improving this performance. Overall, this was achieved by reducing the total number of audit findings received by 15% when compared to the prior year and specifically an improvement in the performance reporting of Outreach for civic and educational events. Audit findings identified and reported by the Auditor-General of South Africa (AGSA) are tracked to ensure that the necessary process enhancements are effected.

The challenge in the current year, when registration activities peaked during the latter part of the year, was to continuously ensure that procurement processes were compliant and that adequate supporting documentation was available for audit purposes to substantiate payments to election and other temporary staff categories, as well as for the rental of the 22 617 contracted voting stations.

## Events after the reporting date

I am not aware of any matters or circumstances arising subsequent to the end of the financial year that may materially affect the financial statements or the Annual Report.

## Acknowledgements

A special note of appreciation goes to members of the Commission and the staff of the Electoral Commission who worked tirelessly in the service of the organisation, understanding the importance of its mandate, so that we can once again present a report of which the Electoral Commission is proud.

**Phatudi Simon Mamabolo**  
Chief Electoral Officer  
Electoral Commission  
31 July 2018



## 4. Statement of responsibility and confirmation of accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in this Annual Report are consistent with the Annual Financial Statements audited by the AGSA.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP) applicable to the Electoral Commission.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.

**Chief Electoral Officer**  
**Phatudi Simon Mamabolo**  
**31 July 2018**

The Accounting Officer is responsible for establishing and implementing a system of internal control that is designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors (AGSA) are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the Electoral Commission for the financial year ended 31 March 2018.

Yours faithfully

**Chairperson**  
**Glen Mashinini**  
**31 July 2018**



## 5. Strategic overview

### 5.1 Vision

To be a pre-eminent leader in electoral democracy.

### 5.2 Mission

The Electoral Commission is an independent constitutional body, which manages free and fair elections of legislative bodies and institutions through the participation of citizens, political parties and civil society in deepening electoral democracy.

### 5.3 Values

To enable the Electoral Commission to serve the needs of stakeholders, including the electorate, political parties, the media, and permanent and temporary staff members, the organisation subscribes to the following values:

- a) impartiality;
- b) integrity;
- c) accountability;
- d) transparency;
- e) participation;
- f) responsiveness; and
- g) respect.

### 5.4 Strategic outcome-orientated goals

The strategic outcome-oriented goals of the Electoral Commission are as follows:

- a) Strengthening governance, institutional excellence, professionalism and enabling business processes at all levels of the organisation
- b) Achieving pre-eminence in the area of managing elections and referenda, including the strengthening of a cooperative relationship with political parties
- c) Strengthening electoral democracy

## 6. Legislative and other mandates

The Electoral Commission is a constitutional institution that falls under Schedule 1 of the Public Finance Management Act (PFMA) (Act No. 1 of 1999).

### 6.1 Constitutional mandate

In terms of Section 190 of the Constitution of the Republic of South Africa (Act No. 108 of 1996), the Electoral Commission must:

- a) manage elections of national, provincial and municipal legislative bodies in accordance with national legislation;
- b) ensure that those elections are free and fair; and
- c) declare the results of those elections within a period that must be prescribed by national legislation and that is as short as reasonably possible.

### 6.2 Legislative mandates

The duties and functions of the Electoral Commission are defined in Section 5 of the Electoral Commission Act (Act No. 51 of 1996). These are to:

- a) manage any election;
- b) ensure that any election is free and fair;
- c) promote conditions conducive to free and fair elections;
- d) promote knowledge of sound and democratic electoral processes;
- e) compile and maintain a voters' roll by means of a system of registering eligible voters by utilising data available from government sources and information furnished by voters;
- f) compile and maintain a register of parties;
- g) establish and maintain liaison and cooperation with parties;
- h) undertake and promote research into electoral matters;



- i) develop and promote the development of electoral expertise and technology in all spheres of government;
- j) continuously review electoral legislation and proposed electoral legislation, and make recommendations in connection therewith;
- k) promote voter education;
- l) promote cooperation with and between persons, institutions, governments and administrations for the achievement of its objects;
- m) declare the results of elections for national, provincial and municipal legislative bodies within seven days after such elections;
- n) adjudicate disputes that may arise from the organisation, administration or conducting of elections and which are of an administrative nature; and
- o) appoint appropriate public administrations in any sphere of government to conduct elections when necessary.

The duties and functions of the Electoral Commission in respect of National and Provincial Elections are also defined in the Electoral Act (Act No. 73 of 1998). This Act includes, among others, the requirements for registration as a voter. It provides for the administration of elections, election timetables, procedures for voting, counting and determining results, the accreditation of observers, and voter education. Regulations have been published in terms of the Electoral Act.

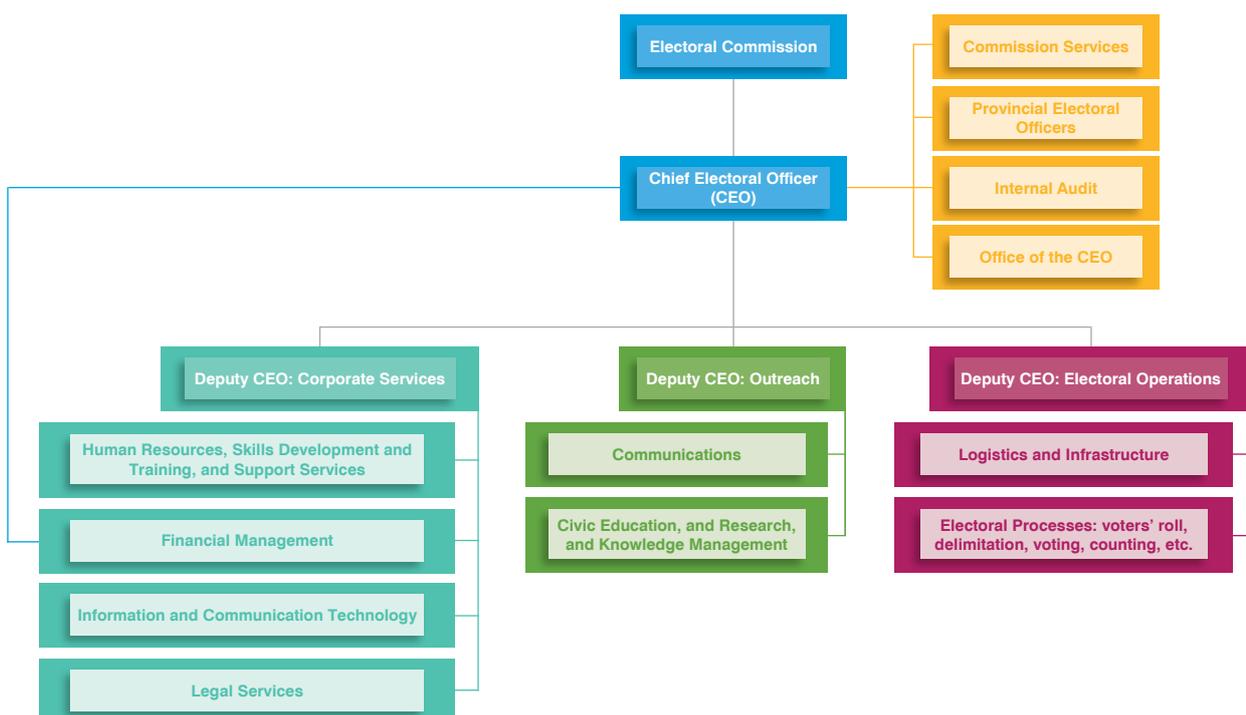
In addition to the provisions in the Electoral Act, the Municipal Electoral Act (Act No. 24 of 2000) deals with the specific nature of Local Government Elections. It provides for the administration of parties and candidates and all other related voting and counting issues. As in the case of the Electoral Act, appropriate regulations have been published in support of the provisions of this Act. The most notable amendment of the Act has been the recent addition of special votes for persons who require home visits owing to infirmity or disability or who are not able to visit their voting stations on Election Day.

The Municipal Structures Act (Act No. 117 of 1998) deals with the establishment, management and functions of the various municipalities, as well as seat calculation formulas (i.e. the conversion of votes into seats). This legislation is required to conclude the results process in respect of Local Government Elections.

### 6.3 Policy mandates

The Electoral Commission undertakes its work within the Republic of South Africa independently, but is often requested by the government of South Africa to assist it with the implementation of its foreign policy by undertaking electoral assistance to other countries. Where this happens, funding and permission is sought and obtained from the government of South Africa.

## 7. Organisational structure





# Part B

## Performance information





# 1. Auditor-General's report: Predetermined objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit assessment. The audit assessment of the performance against predetermined objectives is included in the report to management, with material findings being reported under the heading "Predetermined objectives" in the "Report on other legal and regulatory requirements" section of the AGSA's report.

Refer to page 64 for the AGSA's report, published in Part E: Annual Financial Statements.

## 2. Situational analysis

### 2.1 Service delivery environment

Over the past four to five years, South Africa has witnessed a significant shift in the political landscape with the emergence of a number of new political parties that gained representation at national and provincial level during the 2014 elections and at municipal level in the 2016 elections.

During this period, the political contestation between the represented political parties intensified, along with a narrowing of the gap between the governing party and opposition parties at all levels.

In the lead-up to the 2016 Local Government Elections, the country experienced some of the highest levels of political intolerance and violence seen since 1994. This included both inter-party and intra-party disputes – the latter especially over candidate nominations for the 2016 Local Government Elections.

The election outcome reflected the highest number of "hung councils" in the history of the South African democracy. This included many of the metropolitan councils, resulting in the establishment of coalition governments in more than 25 councils.

In the last year, councils faced challenges with these loose coalitions in relation to reaching consensus on key positions, budgets and policy priorities. These coalitions collapsed in at least two municipalities (Nquthu and Metsimaholo), leading to the dissolution of the council and by-elections throughout the municipalities.

In many others, there have been changes in allegiance and loyalty, which, along with a disturbing continuation of political violence (especially in KwaZulu-Natal), led to a significant increase in by-elections.

At the same time, the Electoral Commission was faced with the imperative to meet the ruling of the Constitutional Court with regard to the rectification of the voters' roll in respect of voters' addresses.

This significantly increased the workload for the Electoral Commission ahead of by-elections and in pursuit of the court deadline for the completion of the review of the voters' roll by June 2018.

The deficiencies in the current voters' roll, along with the increased political contestation, resulted in an increase in objections to the voters' roll for by-elections and resulted in a number of postponements of by-elections.

Together, these factors led to an increase in demand on the resources of the Electoral Commission at a time it is seeking to prepare for the 2019 National and Provincial Elections.

Such preparations include the scheduled replacement of key technology systems in the Electoral Commission ahead of the 2019 National and Provincial Elections, including the replacement of the ageing and unsupported voter registration scanner devices, known as zip-zip machines.

Unfortunately, the timing of these resource-intensive initiatives comes during a period of considerable economic and fiscal pressure for the country when public resources are significantly stretched.

Service delivery protests and continuing demarcation disputes in some areas may impact on the environment leading up to the 2019 National and Provincial Elections – as was evident during the registration drive that took place on 10 and 11 March 2018.

The Party Liaison committees continue to provide a critical engagement and consultation forum with represented political parties at national, provincial and municipal level for the Electoral Commission, and will be a crucial part of the preparations for the 2019 National and Provincial Elections.

The Pretoria High Court dismissed the matter between the Electoral Commission and Abland Consortium to set aside the lease agreement for Riverside Office Park. The Electoral Commission has sought relief from the court in line with the recommendations of the Public Protector's report of 2013. The dismissal of this matter concluded the rectification steps recommended by the Public Protector.

The Electoral Commission is currently conducting an organisational review to ensure it remains a competent and efficient organisation that is able to deliver on its mandate,



especially in the current financially and politically challenged environment. As with any organisational review, this process presents challenges to the organisation, particularly with regard to managing staff uncertainty and expectations. To help reduce risks and to ensure buy-in and understanding, the process includes significant engagement with the trade union representatives within the organisation.

The recognition and procedural agreement, which was entered into between the Electoral Commission and the National Education, Health and Allied Workers' Union (NEHAWU), in which it was agreed that the terms and conditions for staff at the Electoral Commission would, in terms of Section 12(5) of the Electoral Commission Act, as amended, be negotiated independently of the Public Sector Coordinating Bargaining Council. This agreement remained in place in 2017/18.

## 2.2 Organisational environment

The Commission comprises five members appointed by the President, one of whom shall be a judge. The Chairperson and Vice-Chairperson of the Commission are designated by the President from among members of the Commission.

The Commission appoints the Chief Electoral Officer (CEO), who must be suitably qualified and experienced for the position. The CEO is the head of the administration and is also the Commission's Accounting Officer. The CEO also performs other duties and functions assigned to him or her by the Commission, the Electoral Commission Act or any other law. The CEO appoints officers and employees of the Electoral Commission in consultation with the Commission.

The Electoral Commission's organogram provides for 1 033 positions. The staffing establishment provides for three Deputy CEOs (DCEOs) – one each for Corporate Services, Electoral Operations and Outreach. There is one Provincial Electoral Officer (PEO) for each provincial office of the Electoral Commission. The staff turnaround has remained stable with most key personnel retained.

## 2.4 Strategic outcome-oriented goals

Programme	Strategic Outcome-oriented Goal	Number of targets	Number achieved/exceeded	Number not achieved	Percentage achievement
<b>Programme 1:</b> Administration	<b>Goal 1:</b> Strengthening governance, institutional excellence, professionalism and enabling business processes at all levels of the organisation	11	8	3	72.7%
<b>Programme 2:</b> Electoral Operations	<b>Goal 2:</b> Achieving pre-eminence in the area of managing elections and referenda, including the strengthening of a cooperative relationship with political parties	10	8	2	80%
<b>Programme 3:</b> Outreach	<b>Goal 3:</b> Strengthening electoral democracy	4	4	0	100%
<b>Total</b>		<b>25</b>	<b>20</b>	<b>5</b>	<b>80%</b>

As indicated above, the Commission has embarked on a comprehensive human resources review, which includes a review of the organisation's structure. At the time of reporting, this project had reached its final phase.

## 2.3 Key policy developments and legislative changes

Since the publication of the previous Annual Report, there have been developments in relation to the Electoral Commission's legislative and other mandates, which should be noted. These developments are discussed below.

The Electoral Commission is in the process of amending the Electoral Act of 1998, with a view to, inter alia, addressing:

- the importing of the electoral district juxtaposed to a political constituency, such as a ward, when registering as a voter;
- campaigning on Election Day;
- the rights of mental health voters;
- candidate qualifications;
- the electronic registration of voters; and
- processes for voting abroad.

It should also be noted that the Electoral Commission has reviewed current electoral legislation and regulations to ensure that they meet the requirements of the Protection of Personal Information Act (POPI). Legal opinion obtained by the Electoral Commission confirms that the current legislation is not in conflict with POPI, but the Electoral Commission is in consultation with the Information Regulator to explore in more detail how better to ensure that any personal information of voters does not fall into the wrong hands or get abused.

The new party funding legislation and regulations, which are currently before Parliament and which mandate the Electoral Commission to manage both public and private funding to political parties, will pose financial challenges if additional start-up funding for the establishment of a unit to manage the envisaged funds is not received from the fiscus.



Facebook banner from the 10-11 March 2018 Voter Registration Weekend campaign

### 3. Performance information by programme

#### 3.1 Programme 1: Administration

Programme 1 supports the achievement of Strategic Outcome-oriented Goal 1. It provides the overall strategic management of the Electoral Commission, as well as centralised support services.

This programme focuses on strengthening governance by refining institutional governance arrangements (including the Commission's committees and structures), exercising oversight, monitoring, evaluation and support.

Commissioners provide oversight in respect of the activities of the organisation, and facilitate the promotion of the principles of peaceful, free and fair elections.

#### Strategic objectives

<b>Strategic Objective 1.1</b>	Exercise oversight (monitoring, evaluation and leadership) to ensure the effective implementation of the Electoral Commission's core mandate, strategic goals and objectives, aligned with the corresponding budget allocation.
<b>Strategic Objective 1.2</b>	Exercise efficient oversight (monitoring, evaluation and support) by providing assurance and risk management services.
<b>Strategic Objective 1.3</b>	Build institutional capacity to enable the Electoral Commission to deliver on its constitutional mandate.
<b>Strategic Objective 1.4</b>	Manage financial resources efficiently to protect the public image of the Electoral Commission as an accountable institution.
<b>Strategic Objective 1.5</b>	Provide and maintain a stable, secure and scalable ICT environment that meets the functional needs of the Electoral Commission to ensure the credibility of electronic electoral processes.

The Office of the CEO monitors the implementation of and adherence to the Commission's strategic priorities and organisational policies.

Corporate Services focuses on strengthening institutional excellence and professionalism at all levels of the organisation, building institutional capacity, expanding human capital development, adhering to performance standards, becoming people-centred, managing financial and human resources well, improving and maintaining internal control, strengthening risk management, maintaining sound industrial relations and building institutional memory.

This programme provides enabling business processes and systems in respect of legal services, financial management, information and communication technology (ICT), human resources management and facilities management to efficiently and effectively support the core business of the Electoral Commission.



**Strategic objectives, key performance indicators, planned targets and actual achievements**

Programme 1: Administration							
Strategic objective	Reference	Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
1.1 Exercise oversight (monitoring, evaluation and leadership) to ensure the effective implementation of the Electoral Commission's core mandate, strategic goals and objectives, aligned with the corresponding budget allocation.	1.1.1	Number of Commission meetings held per annum	20	9	10	-	<b>Target achieved.</b> Address harvesting and registration initiatives necessitated more meetings than planned.
	1.1.2	Number of quarterly reports per annum reviewed by the CEO within 30 days after the start of the next quarter	4	4	4	-	<b>Target achieved.</b>
1.2 Exercise efficient oversight (monitoring, evaluation and support) by providing assurance and risk management services.	1.2.1	Number of risk-based annual internal audit plans approved by the Audit Committee each year by 30 June in the financial year to which the plan relates	1	1	1	-	<b>Target achieved.</b>
	1.2.2	Number of quarterly internal audit progress reports per annum prepared by the Chief Audit Executive and reviewed by the Audit Committee each year within 60 days after the start of the next quarter	2	4	1	(3)	<b>Target not met.</b> Four quarterly reports were prepared and submitted to the Audit Committee during the course of the year. However, due to changes in the scheduling of Audit Committee meetings, the target dates were not met.
1.3 Build institutional capacity to enable the Electoral Commission to deliver on its constitutional mandate.	1.2.3	Quarterly review and update of the Electoral Commission's strategic risk register by the Executive Risk Management Committee within 30 days after the start of the next quarter	4	4	4	-	<b>Target achieved.</b>
	1.3.1	Number of permanent staff positions filled per annum (posts filled for part of the year will be counted on a pro-rata basis)	943 filled posts calculated pro-rata over the year	930 filled posts	929 filled posts calculated pro-rata over the year	(1)	<b>Target not met</b> due to delayed organisational review processes.



Programme 1: Administration							
Strategic objective	Reference	Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
<b>1.3 Build institutional capacity to enable the Electoral Commission to deliver on its constitutional mandate.</b>	1.3.2	Number of permanent staff who were provided with developmental training interventions per annum	180	585	734	149	<b>Target overachieved</b> by 149 due to training approach that was adopted by most provinces to address harvesting initiatives.
	1.3.3	Extent of compliance with the performance management system as evidenced by the existence of performance agreements and performance assessments for the year under review	25% (228) of agreements for 2016/17 in place by the deadline date 100% (940) of performance assessments for 2016/17 were completed and moderated in May 2017	100% performance agreements of qualifying staff (930 staff members) 100% of performance assessments of qualifying staff (930 staff members)	95% (892) performance agreements for 2017/18 in place by the deadline date 94% (873) of performance assessments for 2017/18 were completed and moderated in May 2018	5% of performance agreements were not signed. 6% of performance assessments were not completed.	<b>Target not achieved.</b> 94% of performance agreements were completed by the deadline date of 1 April 2017, and 96% of assessments were completed and moderated in advance of the May 2018 deadline.
<b>1.4 Manage financial resources efficiently to protect the public image of the Electoral Commission as an accountable institution.</b>	1.4.1	Achieve an unqualified audit report on the Annual Financial Statements each year	Unqualified	Unqualified	Unqualified	-	<b>Target achieved.</b>
<b>1.5 Provide and maintain a stable, secure and scalable ICT environment that meets the functional needs of the Electoral Commission to ensure the credibility of electronic electoral processes.</b>	1.5.1	Minimum annual percentage network and application systems availability measured in hours (system-generated report available)	98.32% (2 203.31 hours achieved)	97% (2 205 hours' achievement)	98.38% (2 169.206 hours achieved)	Target overachieved by 1.38% or 30.36 hours	<b>Target achieved.</b> Performance above target indicates a very stable ICT network and application system availability.
	1.5.2	Upgrade IT hardware and platform on a five-year cycle as per the approved ICT strategy and plan (Phase 1) by 31 March 2018 and Phase 2 and Phase 3 by 31 March 2019	Project was revised and deferred to next year	Procurement: Platform upgrade completed (Phase 1)	100% achieved (Phase 1)	-	<b>Target achieved.</b>



## Commission Services

Members of the Commission provide oversight in respect of the activities of the organisation, and facilitate the promotion of the principles of peaceful, free and fair elections.

In accordance with the Electoral Commission Act, the Commission may meet at any place in the Republic for the purposes of performing its functions.

To meet its obligations, and in compliance with the principles and practices contained in the Code of Conduct and Report on Governance Principles for South Africa (King IV), the Commission established the following six governance committees:

- a) Finance, Risk and Compliance Committee, convened by the Vice-Chairperson, Mr Tselane
- b) Human Resources Governance Committee, convened by the Chairperson, Mr Mashinini
- c) Elections Management Committee, convened by the Vice-Chairperson, Mr Tselane
- d) Research, Knowledge Management and Publications Committee, convened by Reverend Finca
- e) Outreach, Communications and International Relations Committee, convened by Reverend Finca
- f) Governance and Ethics Committee, convened by the Chairperson, Mr Mashinini

The purpose of these committees is to assist the Commission in carrying out its oversight responsibilities in respect of various functional areas in the organisation, and also to ensure that it fulfils its obligations as outlined in the Constitution and other relevant legislation. Committee meetings are held approximately once a month.

In addition to the above, the Commission resolved to allocate provinces to full-time Commissioners where they could also exercise oversight. The provincial allocation is as follows:

- a) Mr Mashinini: KwaZulu-Natal, Mpumalanga and Northern Cape
- b) Mr Tselane: Gauteng, Limpopo and North West
- c) Reverend Finca: Eastern Cape, Western Cape and Free State

## Office of the CEO

The Office of the CEO monitors the implementation of, and adherence to, the organisational policies, and the achievement of goals, objectives and performance targets, and works to improve the effective and efficient functioning of the Electoral Commission.

The Annual Report for the 2016/17 financial year was tabled in the National Assembly on 26 September 2017.

The implementation of the 2018 Annual Performance Plan (APP) was monitored regularly and the CEO reviewed reports on the performance against targets set for performance indicators on a quarterly basis.

The Electoral Commission's Strategic Plan and 2018/19 APP were tabled in the National Assembly on 26 March 2018.

## Internal Audit

Section 38(1)(a)(ii) of PFMA requires the Accounting Officer, among other things, to ensure that the Electoral Commission has and maintains a system of internal audit under the control and direction of an Audit Committee that complies with and operates in accordance with Treasury Regulation 3.

In compliance with Treasury Regulation 3.2.5, the purpose, authority and responsibility of the internal audit function is formally defined in its charter, which is approved by the statutory Audit Committee and is consistent with the International Standards for the Professional Practices of Internal Auditing, as set by the Institute of Internal Auditors (IIA). Furthermore, internal auditing at the Electoral Commission is conducted in accordance with the IIA standards as stipulated in Treasury Regulation 3.2.6.

The Commission has appointed a Chief Audit Executive (CAE) to ensure execution of the internal audit strategy, as well as implementation of the operational plan through the co-sourcing model adopted by the Commission. To this end, a tender for co-sourced service providers up to and including finalisation of the 2022/23 internal audit operational plan was finalised. The panel was established with effect from 1 February 2018

The Accounting Officer, as well as the statutory Audit Committee, wishes to express his appreciation to the Department of Home Affairs (DHA) and the Road Accident Fund (RAF) for granting the necessary approvals for the Electoral Commission to participate in their existing contracts for internal audit services during the 2017/18 financial year.

A total of 23 of the 28 approved audit projects (82%) funded in the 2017/18 operational plan were completed. In addition, the Audit Committee approved a reprioritisation of four of the 28 audit projects to accommodate a consulting engagement on the voters' roll. These projects were then rolled over for consideration in the ensuing rolling three-year internal audit strategic plan planning cycle. The status of the 2017/18 annual internal audit operational plan is illustrated Table 1:

**Table 1: Status of the total resourced projects during 2017/18**

Audit projects: 2018			
Completed	In progress – draft report issued for management comment	Reprioritised as per Audit Committee approval	Total
23	1	4	28
82%	4%	14%	100%

The Labour Relations Unit of the Human Resources Department conducts forensic investigations through contracted-in service providers. Hence, all the internal audit projects undertaken for the year ended 31 March 2018 excluded any forensic audits or investigations.

The CAE's annual opinion of needs improvement was derived by aggregating the ratings of each internal audit report issued for 2017/18.

## Human Resources

### Skills development

The Electoral Commission prioritises human capital development as one of its key objectives. The organisation believes that a well-capacitated workforce will not only enable the Commission to deliver an efficient service to the electorate, but will also produce knowledgeable individuals in other areas for personal development.

The Electoral Commission's bursary scheme for permanent staff members assists in building human capital capacity.

The Electoral Commission strives to expose all its permanent staff members to the election-oriented practices of other electoral management bodies on the continent to help them grow in the field.

The Electoral Commission partnered with the Institute of African Renaissance of the University of South Africa (Unisa) to deliver an accredited certificate programme on the Management of Democratic Elections in Africa (MDEA).

The Electoral Commission focused on upskilling its workforce in order to perform its duties effectively and efficiently. To this effect, it conducted a number of in-house and outsourced training initiatives. Although challenges due to budgetary constraints were experienced, the Commission managed to achieve and exceed its set targets for the financial year.

### Bursaries

The Electoral Commission granted 158 employees bursaries to assist them to study in their field of choice. This allowed for employee growth that will, in turn, contribute towards a skilled workforce, which is imperative for the economic growth and productivity of the country. The Electoral Commission prides itself on contributing to the country's skills development strategy.

### Management of Democratic Elections in Africa (accredited certificate programme)

In the 2017/18 financial year, 36 permanent members of staff from various levels of the organisation attended this certified programme, which assisted staff members with the desired competencies in the management of democratic elections, and hence an improved service delivery to the electorate. Moreover, 10 staff members, who had previously successfully completed the programme, attended Unisa's MDEA Alumni Conference in Ghana.

### Skills development initiatives

The Training and Staff Development Unit had set itself a target of 585 interventions. It managed to achieve this by training 734 employees, which exceeded the target by 149.

A summary of the Electoral Commission's skills development initiatives is detailed in Table 2.

**Table 2: Skills development initiatives during 2017/18**

Name of Intervention	Delegates attended	Accredited, external or in-house
A-WEB Election ICT capacity-building programme	2	Accredited
Bursaries	158	Accredited
First Aid Level 1 and firefighting training	35	Accredited
SAP Certified Application Associate – Financial Accounting with SAP ERP 6.0 EHP6	1	Accredited
Sign language training	10	Accredited
Unisa's MDEA programme	36	Accredited
4th Annual Continental Forum of Election Management Bodies	2	External
Drivers' license training	1	External
GovTech 2017 Conference	1	External
Life coaching course	1	External

Name of Intervention	Delegates attended	Accredited, external or in-house
<b>Payroll Taxes and Associated Legislation Mid-year Seminar</b>	1	External
<b>POPI workshop</b>	1	External
<b>SAPHILA workshop</b>	1	External
<b>Unisa's MDEA alumni training in Ghana</b>	10	External
<b>Workshop on the use of ICT in electoral processes: assessing experiences over several electoral cycles</b>	1	External
<b>Registration training workshop</b>	393	In-house
<b>Call centre staff</b>	16	In-house
<b>Issuing purchase orders training</b>	1	In-house
<b>Protocol and etiquette in-house training</b>	63	In-house
<b>Total staff attendance</b>	<b>734</b>	

### Internships

The Electoral Commission decided to open learning opportunities to young graduates to integrate their theoretical knowledge with the real working environment. For the 2017/18 financial year, the Commission managed to take in six interns in the following areas:

**Table 3: Appointment of interns during 2017/18**

Office	Business unit	Number of interns
<b>National Office</b>	Procurement	3
<b>Limpopo</b>	Electoral Matters	1
<b>KwaZulu-Natal</b>	Financial Admin and Assets	1
<b>Northern Cape</b>	Financial Admin and Assets	1
<b>Total</b>		<b>6</b>

### Introduction of e-learning for permanent and electoral staff

The Electoral Commission has embarked on a project to introduce electronic learning (e-learning) for permanent staff members, with the ultimate aim of broadening it to electoral staff members and also its stakeholders. The objective is to minimise the amount of time taken for contact training where possible. It must be emphasised that e-learning will not replace skills-based learning or facility-based learning, but is a blended learning approach intended to complement the other forms of training. For internal training, e-modules will be developed with the assistance of an e-learning content development specialist, who will transfer skills to members of the Training and Staff Development Unit.

Benchmarking was conducted with other institutions that are implementing e-learning with the view to gain insight on

the advantages and disadvantages of the training approach. For pilot purposes, the open-source learning platform will be utilised. Should funds permit, the Electoral Commission will provide its own e-learning platform.

### Financial Administration

#### Overview of funds received and spent

The Electoral Commission received R1.3 billion for the year under review by way of a Parliamentary Grant. Sundry income, consisting largely of interest earned of R14.7 million, brought the Electoral Commission's total income to R1.32 billion for the year under review. Expenditure reflected in the Annual Financial Statements, on the accruals basis, was R1.3 billion, giving an accounting surplus of R21.4 million.

Initially, no main registration activities were planned for the 2017/18 financial year, but the Electoral Commission had to reprioritise its spending needs to provide for various address harvesting initiatives, including a registration drive on 10 and 11 March 2018 to address the deficiencies in the current voters' roll, as outlined elsewhere in this report. This resulted in tremendous funding pressures. However, despite these funding challenges that were experienced, the Electoral Commission succeeded in maintaining its spending within budget.

The liquidity ratio improved in the current year due to the increase in the cash position, resulting from prudent expenditure control measures that were implemented to provide for planned capital expenditure in 2018/19.

Key elements of expenditure for 2017/18 included the following:

- Some R639 million was spent on employee costs. This represents a decrease of 15% on the cost in 2016/17. This decrease was mainly due to the fact that employee costs vary from year to year due to expansion staff appointed during years with election activities. In the current year, limited expansion staff members were appointed for a shorter period for the March 2018 registration weekend.
- Some R483 million was spent on goods and services, representing a decrease of 56% on 2017/18. The most significant element of the decrease is the fact that the current year had limited electoral activities as opposed to the previous year's expenses, which included one main registration drive, as well as the 2016 Local Government Elections.
- Some R73 million went to depreciation, amortisation and impairment, as opposed to R68 million in the prior year. Included in the amount for the current year is R10 million relating to the impairment of the Electoral Commission's ageing scanners (zip-zip machines), which will be replaced in 2018/19 with new registration devices. Due to the funding pressures in the current year, there was limited capital expenditure.

- d) Property, plant and equipment to the value of R1.7 million was acquired during the year under review and enhancements to electoral systems were made to the value of R4.9 million.

It should be noted that the Kham judgment in the Constitutional Court and the subsequent Mhlophe judgments in the Electoral Court and the Constitutional Court had and continue to have a major impact on the Electoral Commission's already strained financial resources – especially in relation to the provisioning of addresses or the capturing of sufficient particularities of voters on the voters' roll.

### Procurement and supply chain management

The Electoral Commission continues to strive to achieve compliance with PFMA and Treasury Regulations, and to enhance the efficiency and effectiveness of its procurement processes. To achieve this aim, the following projects were undertaken in the 2017/18 financial year:

- A review of the procurement policy and standard operating procedures to ensure alignment with supply chain management (SCM) requirements. This included continuous adjustment, where necessary, of procurement systems and processes.
- The effective implementation and operational management of the electronic procurement systems (SAP and eProcurement/Votaquotes).
- Targeting of broad-based black economic empowerment (B-BBEE) and small, medium and micro enterprises (SMME) suppliers in order to strengthen and enlarge the Electoral Commission's supplier database as aligned with National Treasury's Central Supplier Database (CSD).
- Stringent and effective due diligence audits on companies under consideration for contracts, specifically to ensure the validity of supplier claims in terms of the provisions of the Preferential Procurement Policy Framework Act, 2000 (PPPFA) and its regulations.
- Reporting, as required, to National Treasury in respect of procurement plans and quarterly reports, as well as specific reporting requirements on deviations and variations to contracts.
- Skills development initiatives at the national, provincial and local offices for SCM functions.
- Alignment and integration of the Electoral Commission's procurement systems and processes to the requirements of the Preferential Procurement Regulations, 2017, as well as the CSD and other instructions and directives issued by National Treasury.

In 2017/18, 141 auctions were run on the eProcurement system, from which contracts with an estimated value of R18.12 million were awarded as set out below.

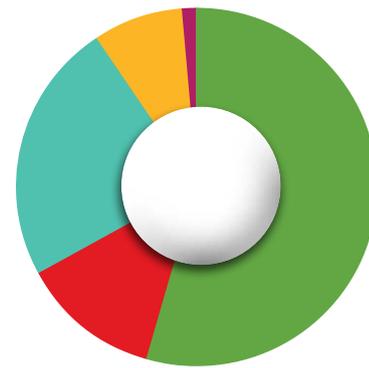


Figure 2: Auctions awarded by entity size

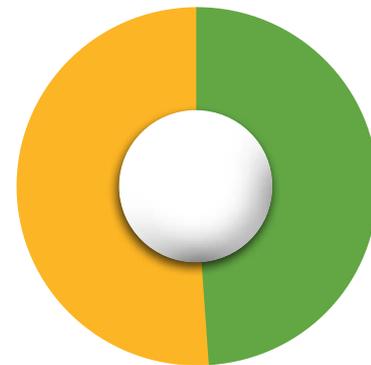


Figure 3: Auctions awarded by B-BEE status

The B-BBEE status and contributor level of the above auctions awarded is set out in the graphs below:

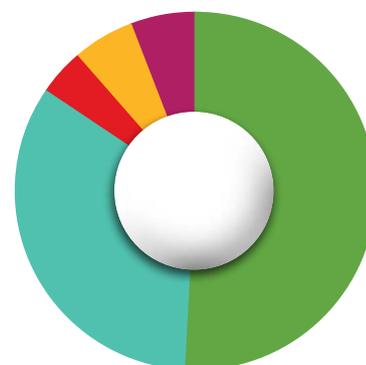
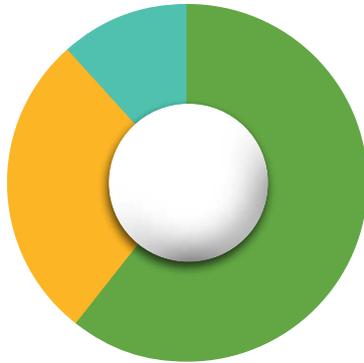


Figure 4: Auctions awarded by B-BBEE contributor status

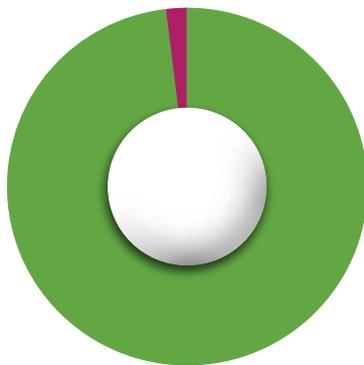
Competitive bids (tenders) were awarded for 58 contracts to the total value of R593 million including value-added tax (VAT), as set out in the tables and charts below:



Large: R360 160 484, 60.74% (23 contracts)  
Small: R163 746 328, 27.62% (22 contracts)  
Medium: R68 999 532, 11.64% (13 contracts)

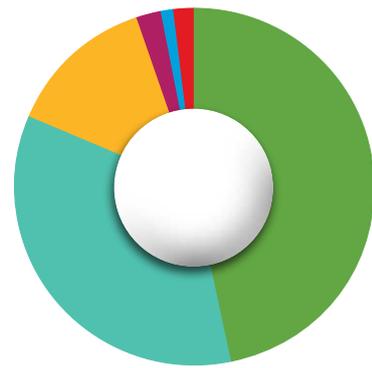
**Figure 5: Tenders awarded by size of entity**

The B-BBEE status and contributor level of the above tenders is set out in the graphs below:



B-BBEE-compliant companies: R581 718 873, 98.11% (52 contracts)  
Non-B-BBEE companies: R11 187 471, 1.89% (6 contracts)

**Figure 6: Tenders awarded by B-BEE status**



Level 1: R278 251 987, 46.93% (25 contracts)  
Level 2: R204 783 912, 34.54% (15 contracts)  
Level 3: R78 683 442, 13.27% (5 contracts)  
Level 4: R13 499 532, 2.28% (6 contracts)  
Level 7: R6 500 000, 1.10% (1 contract)  
Non-B-BBEE: R11 187 471, 1.89% (6 contracts)

**Figure 7: Tenders awarded by B-BBEE contributor status**

**Financial administration**

In order to continue enhancing controls and processes to reduce the Electoral Commission's risk exposure, the following was achieved during the year under review:

- a) Financial processes were reviewed and adjusted where necessary to ensure compliance with the new National Treasury instructions issued in the period under review.
- b) A number of financial policies were reviewed and updated.
- c) Monthly closures and monthly financial statements were completed.
- d) Compliance reports were produced on a monthly basis and have become an important follow-up tool and mechanism to improve the completeness and accuracy of monthly financial information.
- e) Monthly management accounts have assisted in monitoring expenditure more closely and managing cash flow.
- f) Contract administration and compliance processes relating to contract administration have been further enhanced, reducing possible inherent risk to the Electoral Commission.



## Information and Communication Technology

ICT continues to play a critical role in supporting the various processes of the Electoral Commission. The following continuous support services are at the core of the Commission's ICT capability, and provided the foundation for all other ICT activities:

- a) Stable applications to support and enable all business processes
- b) Closely integrated systems that are aimed at ensuring a seamless flow of information across the different systems
- c) A stable and secure ICT infrastructure and network at both wide area network (WAN) and local area network (LAN) levels and at the data centre
- d) Scalable network and background server capacity, with the required capability of supporting increased electoral activity and network traffic
- e) The management of risks, disaster recovery and business continuity processes
- f) Integrated online self-service facilities for citizen engagement through the internet using the website, mobile applications, short message service (SMS), unstructured supplementary services data (USSD) and social media
- g) Ensuring that the Electoral Commission can take advantage of and fully utilise all available and relevant technologies in the ICT market
- h) Stable and effective open data platforms that provide an integrated technology-enabled platform for all stakeholders through application programming interfaces (APIs)

Specific projects were undertaken in accordance with changing and evolving business requirements in the various areas. During an election preparation year, the number of projects escalates and additional resources are sourced to service the additional workload.

In order to effectively support business processes, a number of maintenance and business support tasks were executed on a regular basis to ensure the smooth delivery of services in the ICT environment.

### ICT activities

#### Addresses on the voters' roll

One of the main activities in the organisation during the 2017/8 financial year was to continue the process of updating addresses on the national common voters' roll.

Support was provided to the process of resolving the problem of voters on the voters' roll without addresses. Potential external sources of voters' addresses were identified, and the externally sourced addresses were assessed and evaluated to determine whether the addresses matched the voting district of registration. Data

that matches the relevant criteria may be used to supplement information on the voters' roll.

By-election support was provided in respect of registration maps, verifying the correctness of registered voters, locating addresses in relation to the by-election ward, as well as the movement of voters in terms of Section 12 of the Electoral Act. Results-capturing processes were also supported to ensure that capturing took place timeously.

An online address capturing system was developed for the website and mobile application. The system uses online maps (such as Google Maps and Street Map) to locate voters' addresses and ensure that voters are registered in the correct voting station, thereby improving the quality of the voters' roll. Since its launch in October 2017, it has been used by over 112 000 voters. The facility includes an electronic version of the Section 12 procedure above, ensuring that voters are registered in the correct voting district. A new Voting Station Finder facility was also implemented and used successfully during the registration weekend held on 10 and 11 March 2018.

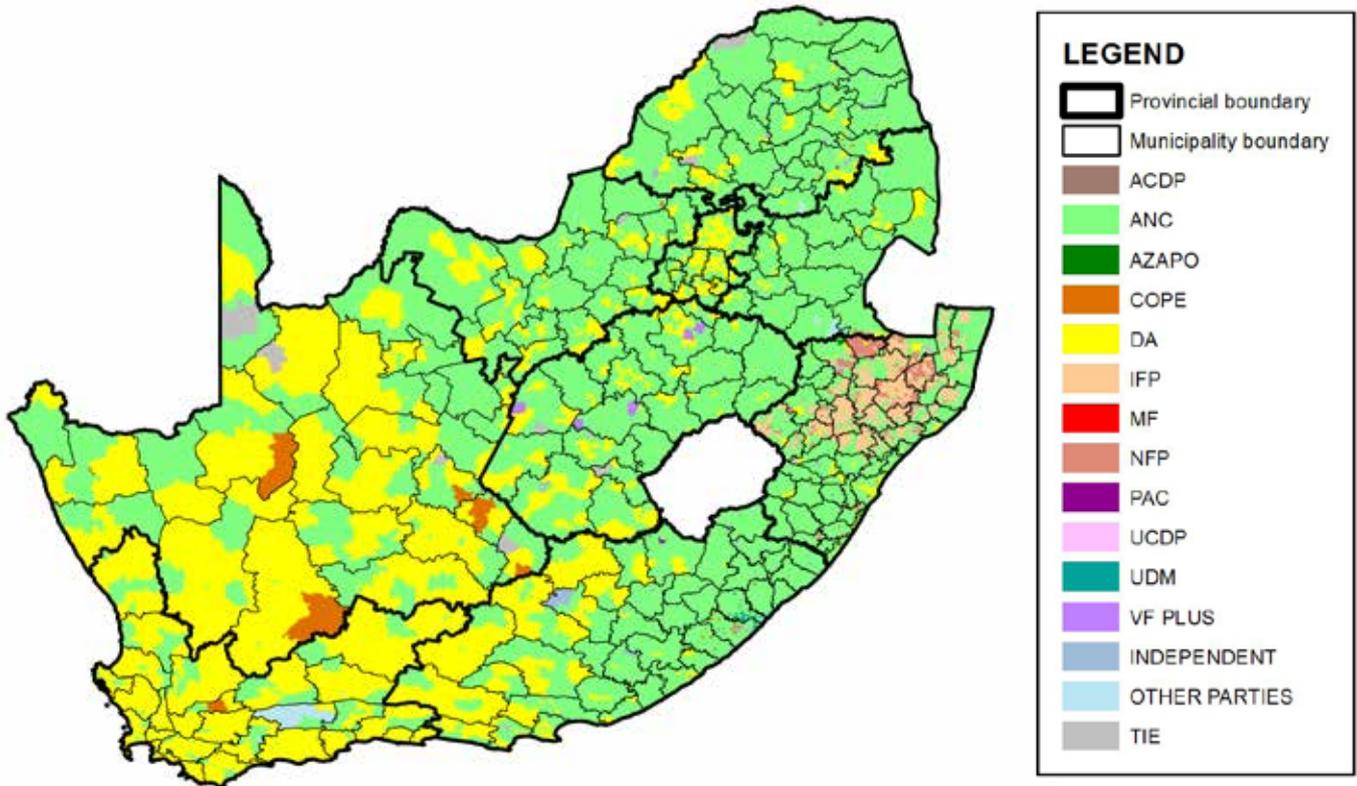
Dedicated support was provided for the preparation and delivery of the March registration weekend through delimitation support, map production (the production of A3 registration maps and voting station orientation maps), the verification of the voters' roll, the generation of voters' rolls and operational support. A3 registration maps were produced for the registration weekend. These were used to activate zip-zip machines for the correct geographical area.

#### Atlas of Results for the 2016 Local Government Elections

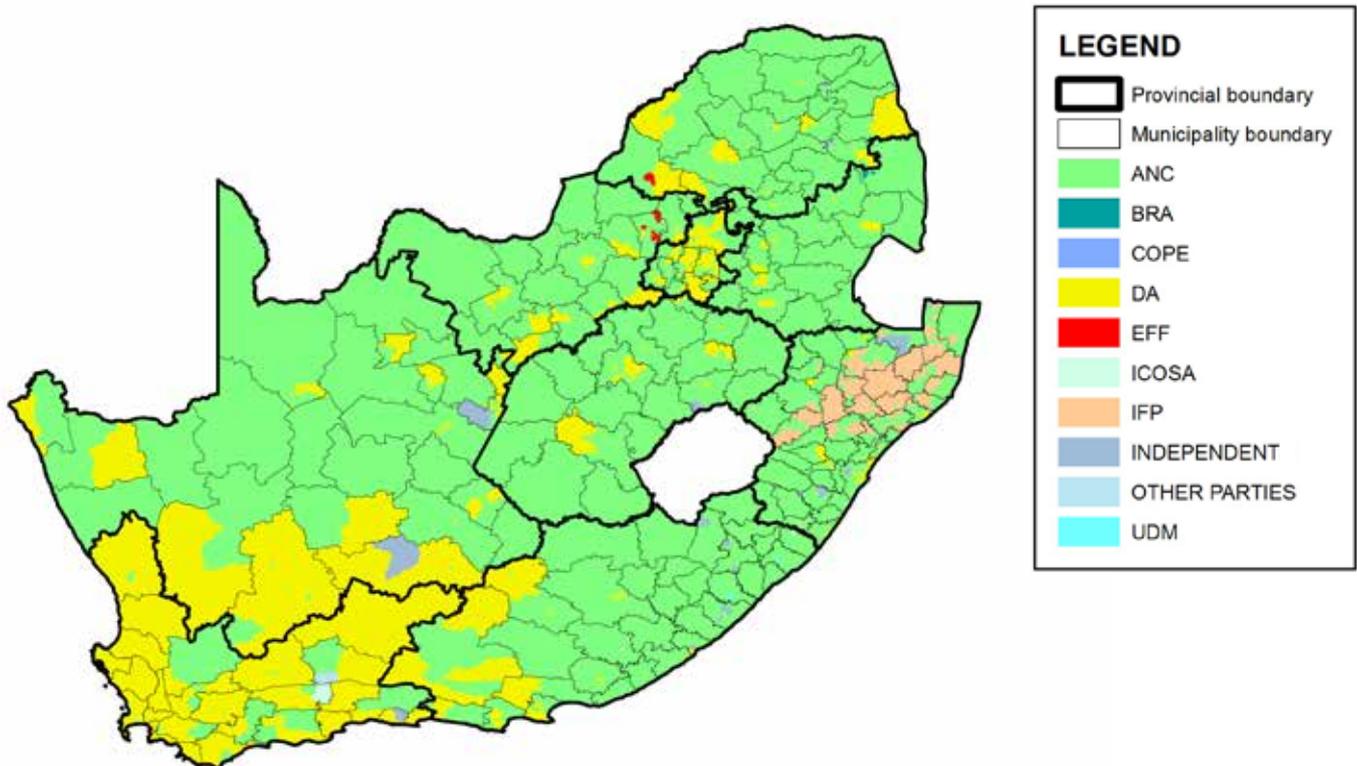
Since 1999, an Atlas of Results has been compiled following National and Provincial Elections. Since 2011, an electronic Atlas of Results has also been prepared for municipal elections.

The Atlas of Results condenses election data into a clear, concise, visual format with geospatial referencing. It allows comparisons to be made with similar elections held in the past. This makes the atlas a very valuable planning and analysis tool for political parties and political scientists. Various data themes are included in the atlas, including delimitation (information about the voting district and station network, which forms the basis of data collection), voter registration, leading party maps, party support, voter participation and party support variance. The latter theme compares a party's own performance against that of previous elections.

To illustrate this theme, the two maps below present the leading party maps by ward for 2011 and 2016. In accordance with the legend, each voting district is shaded with the party that obtained the most votes in a ward. The result is a map that indicates the results for all the voting districts in the respective wards for an election. These maps provide a clear picture of the changes in the political landscape of the country.



Map showing leading party by ward (2011 Local Government Elections)



Map showing leading party by ward (2016 Local Government Elections)

## Projects

In addition to the activities listed above, the following specific ICT projects were undertaken during the period under review:

**Table 4: Projects and enhancements**

Project name	System/project description	Enhancements and/or delivery activities
<b>Outreach Management System (OMS)</b>	The OMS tracks and reports on targets with respect to all Outreach events held in communities and for different interest groups.	The enhancements mainly dealt with the improvement of reporting, access control and segregation of duties.
<b>Central Supplier Database</b>	Changes were required to eProcurement and SAP to include and maintain data received from the CSD as prescribed by National Treasury.	System integration was done in the previous financial year and a number of management reports were developed in SAP and eProcurement in the current financial year.  Likewise, processes were aligned in line with changes in regulations, including enhanced clarifications and interpretations of regulations.
<b>Voter Registration System (VRS)</b>	The VRS manages all voter registrations and address capture processes.	A number of tracking reports were developed to facilitate the accurate monitoring of the scanning, capture and quality assurance of addresses.  Online address capture was developed and implemented on the website and on mobile applications as part of a stakeholder self-service facility, thereby improving access.
<b>Platform review and upgrade</b>	In order to upgrade the ICT environment to newer operating systems, database management systems and browsers (Windows 10, SQL 2016 and Edge/IE), all systems and services have to be reviewed.	Review, test and change, where applicable, all custom-built systems to ensure compliance to the new platform.  Minor enhancements will be included where possible. Off-the-shelf products are verified with the various suppliers.  The project is continuing and will be completed in the 2019/20 financial year.
<b>Year-end financial processes</b>	Supported year-end and external auditing process.	Supported financial management processes and internal and external auditing processes throughout the year, including year-end processes. Activated year-end processes.
<b>Data centre capacity upgrade</b>	As part of the infrastructure and platform upgrade programme, review and reassess the storage and backup infrastructure capacity requirements.	Following an infrastructure capacity review, adjusted storage backup, server and virtualisation capacity to meet increased operational demands and provide for elections capacity requirements.
<b>Network capacity upgrades</b>	Upgrade network capacity.	Following a network review, identified potential capacity constraints and vulnerabilities.  Increased bandwidth in selected areas, such as internet connectivity, backhaul to national office, DRP line, selected Provincial Electoral Office and Municipal Electoral Office sites.
<b>Data and network security upgrade</b>	Complete a data and network security improvement plan, which is incorporated into the platform upgrade project.	Determined new capability requirements for network switches as part of a network management security improvement process.  Embarked on a process to extend the deployment of firewalls to provincial offices.
<b>Upgrade various operational productivity tools, including security monitoring</b>	Symantec Structural Similarity (SSIM) upgrade.	The Security Information and Event Management (SIEM) tool was upgraded to the latest version and custom alerts and notifications were configured to address specific business requirements.
	Symantec Control Compliance Suite (CCS) upgrade.	The CCS was upgraded to the latest version to ensure compliance with the latest operating system hardening and configuration standards.
<b>Call centre support</b>	Support and enablement of call centre processes.	Provided network connectivity, systems and infrastructure to enable operations at the March registration weekend call centre.

### General ICT maintenance activities

General ICT maintenance activities included, but were not limited to the following:

- a) By-elections support, including supporting pre-by-elections voter registration activities, address capture support and investigations, generating ballot papers and certified voters' rolls for by-elections. On the day of the by-election, support was provided to capture results and scan results slips. The support was concluded with the generation of payment files and reimbursements.
- b) Support for scanning the ongoing registration application form (REC1) and linking it to electronic voter records. The linked images were then used to capture the addresses (as per the registration forms) onto the voter registration system.
- c) Ad hoc data requests. Requests from outside parties were frequently made to the relevant line function departments for information pertaining to various election statistics. Once approved, this information was investigated, interpreted and consolidated by the appropriate ICT team, depending on the nature of the request.
- d) System investigations and impact analyses regarding new systems, potential changes or enhancements required by line function departments. Subsequent to discussions and/or investigations, project charters were compiled for line functions to capture their requirements and provide the basis for further action.
- e) The annual SAP stack maintenance and SAP Governance, Risk and Compliance (GRC) support pack upgrades were performed.

- f) Daily system checks were conducted in all environments to ensure that systems were available and stable before the start of business. This included servers, switches, storage area network (SAN) devices and provincial uninterrupted power supplies (UPS).
- g) Backing up all systems according to the schedules set in the risk management, disaster recovery and business continuity management policies and procedures. This included moving backup tapes to off-site storage on a weekly basis.
- h) Security monitoring of the ICT infrastructure, which included malicious code and virus propagation, operating system vulnerabilities and exploits, user activity monitoring, network analysis and monitoring, daily audits and operational tasks.
- i) Monitoring all LAN and WAN activity on a daily basis to ensure the provision of high availability and adequate capacity.
- j) Maintaining a disaster recovery site of all business-critical systems.

### Overall performance

Overall, the ICT function achieved and exceeded its target in terms of the annual performance plan. The actual network and application systems availability achievement was an annual average of 98.38% of the annual performance target. This translated into an achievement of 2 169 hours of the targeted 97% for the year.

### Linking performance with budgets

Programme name	2017/18			2016/17		
	Budget	Actual expenditure	(Over-)/under-expenditure	Budget	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	543 895	537 463	6 432	510 359	612 865	(102 506)



Screen grabs from the television advertisement for the 10–11 March 2018 Voter Registration Weekend campaign



Screen grab from the television advertisement for the first online phase of the address campaign, asking registered voters to click, check and confirm their voters' roll addresses

### 3.2 Programme 2: Electoral Operations

Programme 2 supports the achievement of Strategic Outcome-oriented Goal 2.

Electoral Operations Management provides the strategic management for Programme 2.

The Electoral Matters Department facilitates the participation of voters in regular free and fair elections, using sustainable systems, people and processes. Activities include the delimitation of boundaries, maintenance of the national voters' roll and the planning and coordination of activities during registration weekends, on voting day and on special voting days, as well as for home visits. The counting of votes, collation of results and seat calculations are the eventual activities of the Department.

The Logistics and Infrastructure Department provides logistics, warehousing and distribution services, plus infrastructure, including voting stations and municipal

electoral offices, and ensures the provisioning of electoral materials and equipment as specified in the Bill of Materials for electoral projects.

The Political Liaison Department facilitates the participation of parties in regular free and fair elections, using systems, people and processes that are sustainable. This programme provides for the registration of political parties, ongoing liaison platforms with registered political parties and independent candidates.

Provincial and local offices provide the resources and decentralised support costs in provinces, excluding accommodation (rental costs).

The Electoral Capacity-building Department provides for the salaries, allowances and training costs of all categories of electoral staff. The staff structure is expanded significantly during election periods when additional resources are imperative to cope with the huge workload and difficult logistical arrangements.

#### Strategic objectives

<b>Strategic Objective 2.1</b>	Manage free and fair elections in accordance with the applicable electoral timetables to ensure the efficient and credible execution of the mandate of the Electoral Commission.
<b>Strategic Objective 2.2</b>	Maintain an accurate national common voters' roll to ensure the credibility of elections.
<b>Strategic Objective 2.3</b>	Ensure efficient election delivery by the timely establishment of accessible and suitable voting facilities and processes and by applying infrastructure and logistical resources to meet operational demands for main electoral events.
<b>Strategic Objective 2.4</b>	Provide consultative and cooperative liaison platforms between the Electoral Commission and political parties to facilitate free and fair elections.
<b>Strategic Objective 2.5</b>	Strive for excellence at voting station level to enhance the integrity of elections and to enable the Electoral Commission to deliver on its mandate.

## Strategic objectives, key performance indicators, planned targets and actual achievements

Programme 2: Electoral Operations							
Strategic objective	Reference	Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
<b>2.1 Manage free and fair elections in accordance with the applicable electoral timetables.</b>	2.1.1	Average number of calendar days in which elections are conducted from date of vacancy in each year covered by this plan.	76 days for 2016 Local Government Elections; 83 days for by-elections	Within 90 days for by-elections	106 days for by-elections	Target exceeded by 16 days	<b>Target not met.</b> The reason for exceeding the 90-day period in the 44 by-elections was due to the Electoral Commission approaching the Electoral Court, and being granted permission to extend the by-elections beyond 90 days following objections to the voters' roll (uPhongolo Ward 7 and Moretele Ward 18) and the risk of objections to the voters' roll (Metsimaholo).
		The date of the vacancy is the date on which the Electoral Commission receives the up-to-date notification (unless the matter is still active in the court).					
	2.1.2	Average number of calendar days in which to replace proportional representation (PR) seat vacancies in each year covered by this plan.	Within 9 days	Within 35 days	13 days	22 days ahead of target	<b>Target achieved.</b> The Department was more efficient than the target set at 35 days.
		The date of the vacancy is the date on which the Electoral Commission receives an up-to-date notification (unless the matter is still active in the court).					
<b>2.2 Maintain an accurate national common voters' roll.</b>	2.1.3	Number of calendar days in which election results for each election are announced by the Electoral Commission in each year covered by this plan.	Within 7 days for the 2016 Local Government Elections and within 1 day for by-elections	By-elections within 7 days	95 by-elections within 1 day, and 36 by-elections within 2 days	95 by-elections six days ahead of the deadline and 36 by-elections within five days ahead of the deadline	<b>Target achieved.</b> All 131 by-election results were announced in less than the legislated timeframe.
		Number of elections set aside in each year covered by this plan	Two elections	0 (None)	0 (None)	-	<b>Target achieved.</b> No elections were set aside in 2017/18.
	2.2.1	Number of registered voters reflected on the voters' roll as at 31 March each year.	26 099 774	25 616 339	26 253 822	637 483	<b>Target achieved.</b> The actual number of registered voters on the voters' roll as reflected on 31 March was 26 253 822 and exceeded the target by 637 483 voters. This was due to the increase in by-election registrations for the reporting period.



Programme 2: Electoral Operations							
Strategic objective	Reference	Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
<b>2.2 Maintain an accurate national common voters' roll.</b>	2.2.2	Reduction in number of registered voters who appeared on the voters' roll as at 31 March 2016 for who the Electoral Commission did not have addresses or sufficient particularities for each year covered by this plan.	N/A	5 500 000	395 276	5 104 724	<b>Target not met.</b> The actual address yield in the year under review is not yet fully captured on the voter registration system.
		Number of contracted voting stations in place on main registration weekends or general election days in the years where applicable	22 612	22 613	22 617	4	<b>Target achieved.</b> Variance improved accessibility to voting stations.
<b>2.3 Ensure efficient election delivery by the timely establishment of accessible and suitable voting facilities and processes and by applying infrastructure and logistical resources to meet operation demands for main electoral events.</b>	2.3.1	Timely sourced electoral materials in accordance with the approved materials requirement plan (MRP) and bill of material (BOM) delivered to voting stations, for each main electoral event (i.e. National and Provincial Elections, and Local Government Elections)	100% of 22 612 voting stations achieved	100% of 22 613 voting stations achieved	100% of 22 617 voting stations achieved	4	<b>Target achieved.</b> 100% of voting stations achieved.
		Number of liaison sessions held with members of party liaison committees (PLCs) at national (1), provincial (9) and municipal (213) levels per annum	(1 937 liaison sessions) 17 national 57 provincial 1 863 local	(892 liaison sessions) 4 national 36 provincial 852 local	(1 285 liaison sessions) 7 national 47 provincial 1 231 local	393	<b>Target achieved.</b> The number of liaison sessions exceeded the target by 393. This was due to the increase in the number of by-elections held for the year.
<b>2.4 Provide consultative and cooperative liaison platforms between the Electoral Commission and political parties to facilitate free and fair elections.</b>	2.4.1	Number of electoral staff recruited and trained per annum	262 738 staff members (58 001 for second registration weekend and 204 737 for 2016 Local Government Elections)	61 055	67 289	6 234	<b>Target achieved.</b> The deviations (difference of 6 234) are due to requests prior to the event for additional staff in high-risk areas, as well as marginally based on an increased number of voting stations by 4.
<b>2.5 Strive for excellence at voting station level.</b>	2.5.1						

## Electoral Matters

### Voting district delimitation

The Electoral Act requires the Electoral Commission to compile and maintain a voters' roll. To assist in this regard, the Electoral Commission delimits voting districts. This entails the creation of manageable geographic entities in order to facilitate registration and electoral processes. A voter is required to register to vote in the voting district in which he or she is ordinarily resident (the place to which the person returns after a period of temporary absence). Each voting district is serviced by one voting station. A registered voter will only find his or her name on the voting district segment of the voters' roll at which he or she applied to register to vote.

Delimitation is undertaken to:

- ensure that voters have reasonable access to voting stations and are not required to wait at their voting station for unreasonable periods of time to vote;
- ensure that voters do not vote more than once in an election;
- align voting district boundaries to both municipal and ward boundaries; and
- assist the Electoral Commission with elections staff and material planning.

The number of voting districts (and hence voting stations) has increased by 54% since the 1999 elections, from 14 650 voting districts in 1999 to 22 617 voting districts as at 31 March 2018. Provinces with the greatest increase in voting districts over this period include the predominantly rural

provinces of the Northern Cape, Mpumalanga, Eastern Cape and Limpopo. The number of voting districts in provinces with large urban concentrations of registered voters, such as Gauteng and the Western Cape, increased at a more moderate rate. During the period under review, the number of voting districts remained relatively stable as the period included the 2016 Local Government Elections during which limited voting district re-delimitation was undertaken ahead of the registration weekend of 10 to 11 March 2018.

**Table 5: Number of voting districts on 31 March 2017 compared to 31 March 2018**

Province	Voting districts: 31 March 2017	Voting districts: 31 March 2018
Eastern Cape	4 699	4 699
Free State	1 531	1 531
Gauteng	2 716	2 717
KwaZulu-Natal	4 792	4 794
Limpopo	3 111	3 112
Mpumalanga	1 744	1 744
North West	1 723	1 724
Northern Cape	710	710
Western Cape	1 586	1 586
<b>Total</b>	<b>22 612</b>	<b>22 617</b>

### Voters' roll and registration statistics

The voters' roll for the period under review opened with 26 099 774 voters on 1 April 2017 and closed with 26 253 822 voters on 31 March 2018. This represents a net increase of 154 048 (0.59%) registered voters for the period.

**Table 6: Changes to the voters' roll**

Province	March 2017	March 2018	Increase	Increase (%)
Eastern Cape	3 298 396	3 323 355	24 959	0.75
Free State	1 453 530	1 450 967	-2 563	-0.18
Gauteng	6 182 766	6 225 254	42 488	0.68
KwaZulu-Natal	5 371 336	5 401 795	30 459	0.56
Limpopo	2 538 247	2 572 705	34 458	1.34
Mpumalanga	1 901 845	1 915 977	14 132	0.74
North West	1 697 340	1 695 756	-1 584	-0.09
Northern Cape	614 044	615 308	1 264	0.21
Western Cape	3 042 270	3 052 705	10 435	0.34
<b>Total</b>	<b>26 099 774</b>	<b>26 253 822</b>	<b>154 048</b>	<b>0.59</b>

The total registration activity in the period under review accounted for 154 048 additional voters. This registration activity is a result of by-elections, targeted registration, school-based and continuous campaigns undertaken by the Electoral Commission, as well as the registration activity during the registration weekend. A total of 22% of registration activity relates to citizens under the age of 29 years.

**Table 7: Total registration activity during the period under review by age band**

Summary of registration activity	≥16≤17	≥18≤19	≥20≤29	≥30≤39	≥40≤49	≥50≤59	≥60	Total
<b>New registrations</b>	52 569	155 518	250 443	52 307	15 909	12 145	13 683	552 574
<b>Re-registrations (same voting district)</b>	838	10 864	211 042	258 850	275 537	297 826	439 085	1 494 042
<b>Voting district moved</b>	528	6 390	197 881	264 122	212 084	147 615	147 921	976 541
<b>Total</b>	<b>53 935</b>	<b>172 772</b>	<b>659 366</b>	<b>575 279</b>	<b>503 530</b>	<b>457 586</b>	<b>600 689</b>	<b>3 023 157</b>

**Table 8: Total registration activity during the period under review per province**

Summary of registration activity	New registrations	Re-registrations (same voting district)	Voting district moved	Total
<b>Eastern Cape</b>	80 618	275 017	134 413	490 048
<b>Free State</b>	26 358	192 959	56 101	275 418
<b>Gauteng</b>	125 673	150 970	274 429	551 072
<b>KwaZulu-Natal</b>	116 244	317 493	170 241	603 978
<b>Limpopo</b>	71 455	214 631	94 590	380 676
<b>Mpumalanga</b>	44 792	183 871	69 764	298 427
<b>North West</b>	29 778	96 022	54 782	180 582
<b>Northern Cape</b>	11 954	23 723	17 987	53 664
<b>Western Cape</b>	45 702	39 356	104 234	189 292
<b>Total</b>	<b>552 574</b>	<b>1 494 042</b>	<b>976 541</b>	<b>3 023 157</b>

KwaZulu-Natal had the most registration activity at 603 978, followed by Gauteng with 551 072 and the Eastern Cape with 490 048.

New registrations accounted for 18% of the total registration activity in the period under review. Registrations relating to changes to voting districts of ordinary residence accounted for 32%, while re-registrations in the same voting district accounted for the balance of 49%.

The voters' roll is verified against the National Population Register (NPR) on a monthly basis to ensure that those registered voters who do not qualify for voting – including deceased voters – are removed from the voters' roll. This procedure enables the Electoral Commission to maintain an updated voters' roll for the purposes of elections.

### 10-11 March 2018 Voter Registration Weekend campaign

On 10 and 11 March 2018, the Commission opened some 22 600 registration stations across South Africa to allow eligible voters to register to vote, and to provide or confirm their address details on the voters' roll. Over this weekend, some 2.7 million citizens visited these voting stations (refer to Table 9). Of the total of 2.76 million voters, approximately 1.39 million re-registered in their existing voting districts, 885 000 re-registered in another voting district, and 490 500 registered to vote for the first time.

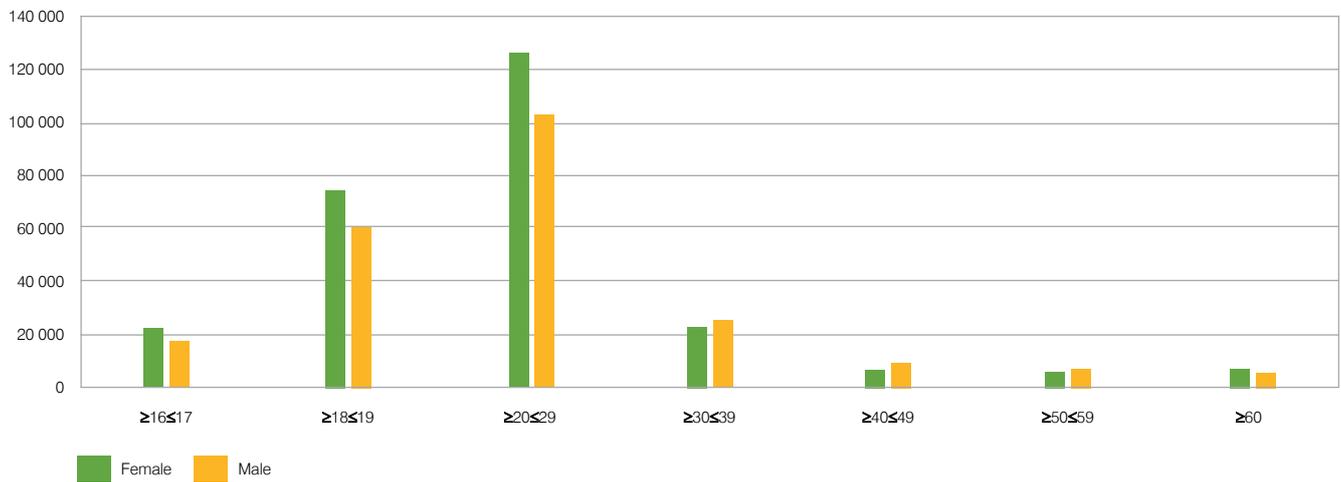
Approximately 300 000 of the 2.7 million registered voters did not have an address recorded on the voters' roll prior to the Voter Registration Weekend of 10 and 11 March 2018. Evidently, the registration weekend was a very successful event ahead of the 2019 National and Provincial Elections. However, its success was lower than anticipated as an address harvesting exercise to reduce the quantum of registered voters without a recorded address on the voters' roll.



Extensive social media coverage of the 10–11 March Voter Registration Weekend campaign

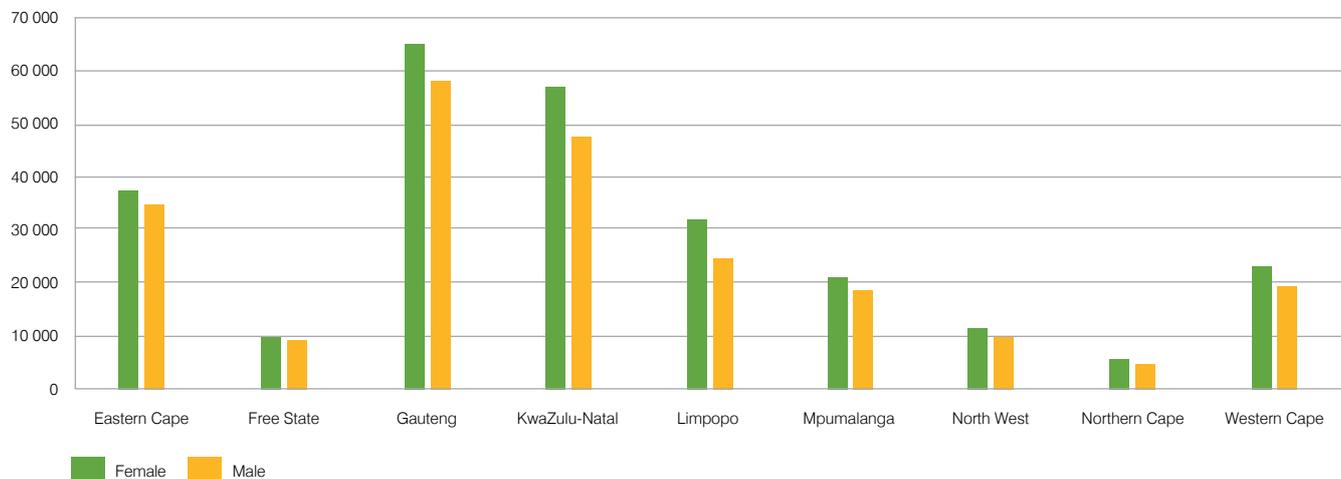
**Table 9: 10-11 March 2018 Voter Registration Weekend campaign**

Province	New registrations	Percentage of total provincial activity	Re-registrations (different voting district)	Percentage of total provincial activity	Re-registrations (same voting district)	Percentage of total provincial activity	Total provincial activity	Percentage of total activity
Eastern Cape	71 437	15.52	126 056	27.39	262 675	57.08	460 168	16.63
Free State	20 278	8.54	45 436	19.13	171 852	72.34	237 566	8.59
Gauteng	122 624	23.69	250 762	48.44	144 317	27.88	517 703	18.71
KwaZulu-Natal	104 910	18.78	156 270	27.97	297 548	53.25	558 728	20.19
Limpopo	55 892	17.03	85 673	26.11	186 584	56.86	328 149	11.86
Mpumalanga	40 171	14.05	66 117	23.12	179 653	62.83	285 941	10.33
North West	22 585	13.81	48 512	29.66	92 469	56.53	163 566	5.91
Northern Cape	10 388	21.31	16 208	33.25	22 149	45.44	48 745	1.76
Western Cape	42 235	25.36	90 724	54.47	33 614	20.18	166 573	6.02
<b>Total</b>	<b>490 520</b>	<b>17.73</b>	<b>885 758</b>	<b>32.01</b>	<b>1 390 861</b>	<b>50.26</b>	<b>2 767 139</b>	<b>100.00</b>



**Graph 1: 10-11 March 2018 Voter Registration Weekend – new registrations by age and gender**

The majority of new registrations during the registration weekend were from voters under the age of 29 years – as is evident from Graph 1. In addition, young women outnumbered young men in the age group under the age of 29 years.



**Graph 2: 10-11 March 2018 Voter Registration Weekend – new registrations by province and gender**

The geography of new registrations shows that provinces tended to attract new registrations in proportion to their overall population sizes, with the largest provinces attracting the highest number of new registrations, namely Gauteng, KwaZulu-Natal and Eastern Cape. It is also notable that women outnumber men in all provinces (refer to Graph 2).

**Table 10: 10–11 March 2018 Voter Registration Weekend in comparison with previous election registration weekends**

Election year	New registrations	Re-registrations (different voting district)	Re-registrations (same voting district)	Total activity for first registration weekend
2011	534 016	729 732	142 954	1 406 702
2014	1 088 015	1 171 106	253 098	2 512 219
2016	692 730	1 086 958	1 317 506	3 097 194
2018	490 520	885 758	1 390 861	2 767 139



**Graph 3: 10–11 March 2018 Voter Registration Weekend in comparison with previous election registration weekends**

Table 10 and Graph 3 compare voter registration activity from previous elections' first voter registration weekends with the Voter Registration Weekend of 10 and 11 March 2018. Evidently, the Voter Registration Weekend of 10 and 11 March 2018 compares favourably with the total number of registrations at 2.7 million compared with 1.4 million in 2011, and 2.5 million in 2014. Notable is the number of new registrations on 10 and 11 March 2018 (0.4 million) being relatively modest compared with previous elections (0.5 million in 2011, 1 million in 2014, and 0.6 million in 2016).

**Initiatives to obtain addresses of registered voters**

The Electoral Commission has embarked on several cross-functional initiatives to improve the quality of addresses on the voters' roll.

Since March 2016, the Electoral Commission has embarked on an extensive communications campaign with registered voters in an effort to highlight the importance of obtaining and recording the address details of registered voters. Total spend on communications initiatives amounted to some R78 million.



**Social media buttons from the 10–11 March 2018 Voter Registration Weekend campaign**

Furthermore, information pamphlets were distributed to specific households by fieldworkers with the aim of encouraging registered voters to provide their address details to the Commission. These communication initiatives were supported by a public contact centre and various digital means of communication of the Commission (Voting Station Finder application on the Commission's website, via USSD, texting an identity number to 32810, and posts issued by the Commission on social media platforms (Facebook and Twitter). All these efforts continued up to and including the Voter Registration Weekend of 10 and 11 March 2018.

In October 2017, the Commission launched an online address harvesting portal on its website whereby registered voters could confirm, amend or provide their address details. This initiative was supported by an extensive communication campaign on social media, television and radio.

In addition to the aforementioned efforts to collect address details, the Commission has also improved the manner in which voters' roll address data is stored, classified and managed. This has resulted in the more accurate storage and classification of address data at the Commission.

The Electoral Commission also provided members of the National Party Liaison Committee (NPLC) with the lists of registered voters without addresses recorded on the voters' roll by voting district, ward, municipality and province – the objective being for political parties to encourage their supporters to provide or confirm their address details with the Commission. Moreover, the Commission provided members of the NPLC with the digital link to the Commission's online address portal so as to host this link on their websites to enable members of parties to access the address portal in a convenient manner.

The Electoral Commission has worked with other public institutions such as municipalities, Statistics South Africa, the South African Social Security Agency, Telkom, the South African Post Office, the Surveyor-General and the Department of Home Affairs in an effort to obtain available physical address information for registered voters for whom the Electoral Commission does not yet have record of a physical address on the voters' roll.

In conjunction with traditional authorities, the Commission has embarked on the targeted registration of registered voters without recorded addresses on the voters' roll living in rural areas under traditional leaders. The Commission also established an outbound call centre to make contact with registered voters without recorded addresses on the voters' roll for whom contact details could be obtained from commercial data sources.

### **Liaison with political parties**

The Electoral Commission is bound by legislation to establish Party Liaison Committees (PLCs) at the national, provincial and municipal levels. These PLCs serve as vehicles for consultation and cooperation between the

Electoral Commission and the represented political parties. A target of 892 liaison sessions was determined for the year under review. This target was influenced by the current year being a year of reduced electoral activity in which there was reduced liaison activity with political parties. The target was exceeded by 393 meetings. Three political parties had applied for co-option onto the PLC. This would see their participation in the new financial year. These parties were the Minority Front (MF), the United Christian Democratic Party (UCDP) and African Democratic Change (ADeC).

A breakdown of the meetings held is reflected in Table 11:

**Table 11: PLC meetings by level in the 2017/18 financial year**

Province	National	Provincial	Municipal	Total
Eastern Cape	0	3	179	182
Free State	0	3	118	121
Gauteng	0	4	34	38
KwaZulu-Natal	0	5	284	289
Limpopo	0	5	123	128
Mpumalanga	0	6	125	131
North West	0	5	121	126
Northern Cape	0	4	129	133
Western Cape	0	12	118	130
National Office	7	0	0	7
<b>Total</b>	<b>7</b>	<b>47</b>	<b>1 231</b>	<b>1 285</b>

### **Registration of political parties**

Due to the increased interest in the 2019 National and Provincial Elections, a number of parties applied to register in the period under review. In total, 26 parties have been registered, with 24 parties applying to be registered at national level, and only two parties registered at municipal level. Furthermore, 22 parties have applied for registration and their applications are still under consideration.

The total number of political parties on the party register as it stands now is 563, of which 100 are represented across all legislative bodies and 463 are unrepresented parties. Of the 100 represented parties, 56 are registered nationally and 44 are registered at a municipal level.

### **Proportional representation replacements**

The Local Government Municipal Structures Act prescribes that a councillor elected on a proportional representation basis from a party list onto a local council and who ceases to hold office must be replaced from that party's reserve list of candidates.

The CEO must declare, in writing, the person at the top of the party's list of candidates as elected. A party may amend its candidate list within 21 days of the vacancy occurring. The person at the top of the candidate list must be declared elected within 14 days after the expiration of the 21 days.

A total of 216 PR replacements were processed between 1 April 2017 and 31 March 2018.

A breakdown of these PR replacements and the reasons for the vacancies is reflected in Table 12:

**Table 12: Reasons for PR vacancies in 2017/18**

Province	Councillor expulsion	Councillor resignation	Death of Councillor	Other	Total
Eastern Cape	5	12	14	0	31
Free State	5	7	2	0	14
Gauteng	13	16	3	1	33
KwaZulu-Natal	0	16	9	0	25
Limpopo	1	5	12	0	18
Mpumalanga	4	29	8	0	41
North West	9	6	4	10	29
Northern Cape	4	2	3	0	9
Western Cape	4	8	3	1	16
<b>Total</b>	<b>45</b>	<b>101</b>	<b>58</b>	<b>12</b>	<b>216</b>

### By-elections

A total of 131 by-elections to fill municipal seat vacancies (ward and PR – the latter included in the case of dissolved municipal councils) were conducted during the year. The table below provides a historical overview of the number of by-elections held each year since the 2009/10 financial year.

**Table 13: Comparison of total number of by-elections across financial years**

Financial year	Total number of by-elections
2009/10	139
2010/11	126
2011/12	76
2012/13	63
2013/14	134
2014/15	228
2015/16	93
2016/17	25
2017/18	131

The number of by-elections conducted in 2017/18 showed an increase compared with the previous period owing to the legislated moratorium on by-elections in the six-month period preceding the 2016 Local Government Elections. Two local councils (Nqutu in KwaZulu-Natal and Metsimaholo in the Free State) were also dissolved during 2017/18, which necessitated by-elections to fill all the PR and ward seats on the local municipal councils.

Ward vacancies are required by law to be filled within 90 days of the date on which the vacancy occurs. Of the 131 vacancies, 87 were filled within 90 days; the balance of 44 vacancies exceeded the 90-day period target

(162 days in uPhongolo Ward 7, 162 days in Moretele Ward 18 and 149 days in the dissolved council by-elections in Metsimaholo).

On average, the 131 ward vacancies were filled within 106 days. This is an average of 16 days more than the 90 days that is required by law.

The reason for exceeding the 90-day period in the 44 by-elections was due to the Electoral Commission attempting to mitigate the risk of a court of law setting aside the results of such by-elections following the receipt of objections to the voters' roll from certain contesting political parties. The Electoral Commission approached the Electoral Court and was granted permission to extend the by-elections beyond the 90 days following objections to the voters' roll (Ward 7 in uPhongolo and Ward 18 in Moretele) and the risk of objections to the voters' roll (Metsimaholo).

Encouragingly, while two by-elections needed to be conducted during 2016/17 following the results being set aside by the Electoral Court. In the period under review, no election results were set aside by a court of law.

The reasons for the 131 ward vacancies in the period under review are shown below.

**Table 14: Reasons for ward vacancies in 2017/18**

Reason for ward vacancy	Number (and percentage) of ward vacancies
Dissolution of local council	75 (57%)
Death of councillor	33 (25%)
Resignation of councillor	16 (12%)
Termination of council membership by party	7 (4%)
<b>Total</b>	<b>131 (100%)</b>



Details of the by-elections conducted, as well as the number of implicated voting districts and registered voters, are presented in Table 15.

**Table 15: Number of by-elections from 1 April 2017 to 31 March 2018**

Province	Number of by-elections	Number of voting districts	Number of wards	Number of registered voters
Eastern Cape	10	64	10	37 685
Free State	44	74	44	98 975
Gauteng	6	28	6	75 889
KwaZulu-Natal	44	161	44	137 689
Limpopo	3	16	3	13 500
Mpumalanga	5	22	5	23 604
North West	4	20	4	14 744
Northern Cape	6	19	6	17 914
Western Cape	9	46	9	84 990
<b>Total</b>	<b>131</b>	<b>450</b>	<b>131</b>	<b>504 990</b>

In terms of the Local Government Municipal Electoral Act, the Electoral Commission is required to announce election results within seven days of an election. The results of all 131 by-elections were announced within seven day of the by-elections, with 95 by-election results announced the day after the by-election and 36 results announced two days after the by-elections.

## Logistics and Infrastructure

### Electronic support systems

The Electoral Commission's Logistics Information System (LIS) is a computerised system used for the planning, monitoring, management and control of electoral material at voting station level. A comprehensive BOM is created for each electoral event. By registering the BOM on the LIS, detailed MRP lists are produced to enable the accurate procurement and distribution of electoral material.

The LIS information is accessible internally to all levels of the organisation – national, provincial and municipal – providing a transparent planning and monitoring process.

### Distribution network

The Electoral Commission's logistics distribution network consists of 10 warehouses – one central warehouse controlled from the national office, and one warehouse in each of the nine provinces. The Electoral Commission maintains minimal permanent resources in support of this distribution network, in the interests of cost containment. Contracted-in resources, such as human capacity and vehicles, are utilised as and when needed at the appropriate scale. These resources and support activities were appropriately ramped up to handle the logistical demands of the registration weekend on 10 and 11 March 2018.

Storage facilities for electoral material at the local (municipal) level are required for a limited time during

peak election activity periods, such as national registration weekends and voting days. These facilities can be in the form of a basic storeroom, storage shed or container, dependent on the prevailing volume needs and the offering of adequate security. Local storage facilities were procured and activated as needed during the period under review.

### Programmable Barcode Scanning Unit fleet

The Electoral Commission holds a fleet of 32 004 programmable barcode scanning units (PBSUs) (also known as zip-zip machines). This is a 0.4% reduction in fleet size due to reasons such as theft or loss and breakages since the last reporting period. The primary function of these units is to capture voter registration information. The units were procured in 2008, and have attained an advanced age by average technological norms. In order to ensure the sustained operational effectiveness of the units, the Electoral Commission entered into a maintenance contract with a specialised technical service provider to ensure the regular testing, servicing and essential maintenance of these units. All the units were operationally prepared and successfully deployed to all voting stations for the registration weekend on 10 and 11 March 2018.

The PBSUs are also utilised at voting stations during voting procedures to capture and record voter participation details, as well as to provide the sequential number of the voter on the voters' roll. The zip-zip machines are expected to be replaced in the next financial year as they would have reached the end of their product life cycle, as well as due to factors such as ageing technology, the unavailability of spare parts, and limited original equipment manufacturer support.

### Material statistics of the registration weekend on 10 and 11 March 2018

For the March 2018 registration weekend, the materials used included the following:

- 24 342 stationery packs
- 22 612 voting station signs and 22 597 identification stickers (combo packs)
- 19 650 registration sticker forms
- 22 612 collapsible box files
- 17 410 document storage boxes

### Voting station infrastructure

Voting stations provide an essential platform for the delivery of elections. During the March 2018 registration weekend, the voting station network comprised 22 617 voting stations compared to the 22 612 voting stations during the 2016 Local Government Elections. The voting station network therefore remained stable with no significant change in the short period since the 2016 elections.

Although the trend of a more stable voting station network is expected to continue into the future (with an increase in the number of substations per voting station to cater for high-density population areas), factors such as population

growth, new settlement patterns, the requirement of improving voter accessibility, as well as revised municipal demarcation data, will continue to contribute to the need to increase the voting station footprint.

One voting station is identified for each voting district, and operational details are recorded and updated regularly. Fixed and permanent structures, especially schools, are preferred as voting stations. The voting station network as at 31 March 2018 comprised 67% schools. This is a 3% increase from the 2016 Local Government Elections. Temporary voting stations are the least preferred type of voting station from an operational perspective, and have decreased by 4% since the 2016 Local Government Elections.

The practice of securing voting stations through standardised lease agreements between the Electoral Commission and landlords continues. The average rental for voting stations was R670. This amount covers a landlord's overheads for basic costs incurred, such as electricity, water and other domestic usage. Staff members were requested to negotiate the same rental amounts as in the 2016 Local Government Elections given the current budget constraints.

A breakdown of the types of voting stations utilised for the March 2018 registration weekend is illustrated in Table 16.

**Table 16: Voting stations by type for the registration weekend of 10 and 11 March 2018**

Province	Voting districts	Permanent voting stations	Schools	Temporary voting stations	Mobile voting stations
Eastern Cape	4 699	4564	78%	132	3
Free State	1 531	1356	51%	175	0
Gauteng	2 717	2390	55%	327	0
KwaZulu-Natal	4 793	4667	76%	117	9
Limpopo	3 111	2962	79%	149	0
Mpumalanga	1 745	1652	64%	79	14
North West	1 725	1596	57%	126	3
Northern Cape	710	685	33%	25	0
Western Cape	1 586	1532	46%	52	2
<b>Total</b>	<b>22 617</b>	<b>21 404</b>	<b>67%</b>	<b>1 182</b>	<b>31</b>

The Electoral Commission, through various interdepartmental task teams and other joint initiatives, continuously seeks opportunities to enhance or develop facilities at existing voting stations – especially at schools and community centres – by cooperating with landlords, government departments and other stakeholders.

Regular surveys of the voting station network are conducted countrywide to keep abreast of key infrastructural developments, as voting stations provide an essential platform for the delivery of elections. Continued emphasis is given to improving the quality of data available on the Electoral Commission's voting station database, which is used to inform infrastructure initiatives and programmes.

Voting station infrastructure was furthermore maintained and activated periodically to support by-elections as they occurred during the year. When a by-election is held in a ward, the voting stations in that ward are opened.

The table below illustrates the general challenges relating to the availability of key facilities at voting stations at the end of 2017/18:

**Table 17: Voting station facilities**

Province	Without electricity	Without water	Without sanitation	Without GSM coverage
Eastern Cape	603	473	293	9
Free State	277	229	240	2
Gauteng	474	442	441	0
KwaZulu-Natal	575	923	226	5
Limpopo	192	279	225	1
Mpumalanga	127	155	111	0
North West	160	159	164	1
Northern Cape	91	88	86	17
Western Cape	84	85	91	6
<b>Total</b>	<b>2 583</b>	<b>2 833</b>	<b>1 877</b>	<b>41</b>

Significant shifts in voting station facility trends were observed during the period under review when compared to the previous period. This is mainly attributed to positive collaborative stakeholder initiatives. These trends are listed below:

- 14% reduction in facilities with no electricity
- 10% decrease in facilities with no water
- 12% decline in facilities with no sanitation
- 13% reduction in stations with no GSM coverage

### Logistical support for by-elections

By-elections throughout the year were supported with logistics activities and materials. The ballot paper generation (BPG) system creates the images of individual ballot papers and result slips for each ward by-election. These are printed in the

### Linking performance with budgets

Programme name	2017/18			2016/17		
	Budget	Actual expenditure	(Over-)/under-expenditure	Budget	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Electoral Operations</b>	656 995	649 697	7 298	1 017 791	1 199 726	(181 935)

correct controlled quantities. A BOM and an MRP for each ward by-election were created on the LIS. The supply chain processes for by-elections were managed, including the procurement, quality control, distribution and overall monitoring of electoral material. All inventories were replenished on time and within budget. The Electoral Commission's PBSUs were also deployed for the purposes of by-election voter registration and voting day support at voting stations.

### Local office infrastructure

The requirement for full-time resources to be permanently located at municipal level is necessitated by the day-to-day operational needs and election-related projects. In response to these requirements, the Electoral Commission has established over 270 local offices in 213 municipalities throughout the country to provide services to the public and to deliver election projects at a local level.

The Infrastructure Section is responsible for establishing and maintaining infrastructural capacity for these offices, which are typically staffed by electoral project coordinators (EPCs) and election support staff. Capacitation programmes are implemented to provide and maintain basic office equipment in the local offices.

The Electoral Commission appoints a local representative, known as the Municipal Electoral Officer (MEO), in each of the 213 municipalities in the country. MEOs are typically suitably qualified senior municipal employees, responsible for providing election-related assistance in their specific municipal areas.

MEOs are paid an honorarium to compensate them for their election-related work. They facilitate cooperation between the Electoral Commission and their respective municipalities, and promote the functional relationship between the Electoral Commission and the municipality in the registration of voters and management of elections. MEOs are not directly involved in day-to-day operational matters of the Electoral Commission.

The Infrastructure Section is responsible for ensuring the existence of a valid MEO appointment for each municipal council.

### 3.3 Programme 3: Outreach

Programme 3 supports the achievement of Strategic Outcome-oriented Goal 3.

Outreach in the Electoral Commission encompasses Civic and Democracy Education, Communications and Media Relations, Research and Knowledge Management, and Stakeholder Engagement.

Civic and Electoral Democracy Education informs and educates the public on electoral democracy with a view to strengthening participation in electoral processes.

Research and Knowledge Management collects, collates and analyses available data in order to inform organisational planning and other strategic decision-making processes. This includes tracking emerging trends (perceptions and attitudes) in the social context that assist the Electoral Commission to plan and determine its response. It also

considers the latest developments in democratic elections administration. Knowledge Management also performs an important archiving function within the organisation.

Communications and Media Relations actively supports the Electoral Commission's efforts to strengthen electoral democracy and ensure free and fair elections through strategic communication with all stakeholders, including registered and eligible voters, political parties and candidates, the media, and other key stakeholder groups. It seeks to ensure a high level of knowledge and understanding of the electoral democracy process and the ongoing work of the Electoral Commission to enhance participation and understanding, and to protect the reputation of the Electoral Commission.

Stakeholder Engagement seeks to establish and maintain open and fruitful relationships with key stakeholders internationally and nationally in order to promote collaboration and partnerships in support of shared objectives.

#### Strategic objectives

<b>Strategic Objective 3.1</b>	Encourage the electorate's engagement with, and participation in, electoral processes in order to facilitate the right to vote as enshrined in the Constitution.
<b>Strategic Objective 3.2</b>	Achieve a low rate of spoilt ballots as a measure of the effectiveness of civic and democracy programmes.
<b>Strategic Objective 3.3</b>	Enhance the Electoral Commission's reputation as a credible and trustworthy electoral management body.
<b>Strategic Objective 3.4</b>	Provide thought leadership in the field of electoral management and related fields as per Vision 2018 in order to strengthen electoral democracy.



*Electoral Commission CEO Simon Mamabolo, Chairperson Glen Mashinini and Vice-Chairperson Terry Tselane at a media briefing for the 10–11 March Voter Registration Weekend at the Electoral Commission's national office in Centurion, Tshwane*

**Strategic objectives, key performance indicators, planned targets and actual achievements**

Programme 3: Outreach							
Strategic objective	Reference	Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
3.1 Encourage the electorate's engagement with, and participation in, electoral processes.	3.1.1	Number of voters who turn out to vote in National and Local Government Elections, as a percentage of registered voters in years when applicable	57.95% of registered voters (15 290 820)	Non-election Year	N/A	N/A	Target not applicable in the year under review.
	3.1.2	Number of Civic and Democracy Education (CDE) events held per year	48 449	12 872	14 074	1 202	<b>Target achieved.</b> The March 2018 registration event necessitated additional CDE events.
	3.1.3	Audience reach for television and radio democracy education content as evidenced by the relevant viewership and listenership figures in each year covered by the Annual Performance Plan	8 275 432 viewers and listeners (1 505 432 according to TAMS and 6 770 000 according to RAMS)	N/A	N/A	N/A	Target not applicable in the year under review.
3.2 Achieve a low rate of spoilt ballots.	3.1.4	Public perceptions held of the Electoral Commission as evidenced by the media reports for each year covered by the Annual Performance Plan	92.27% positive/neutral achieved	75% positive/neutral achievement	98.3% positive/neutral achievement	23.3% positive/neutral	<b>Target achieved.</b> The overall public perception remained positive or neutral.
	3.2.1	Recorded number of spoilt ballots in National and Local Government Elections in the years when applicable	1.83% of votes cast	Non-election year	N/A	N/A	Target not applicable in the year under review.
3.3 Enhance the Electoral Commission's reputation as a credible and trustworthy electoral management body.	3.3.1	Number of interactions/liasons internationally achieved per annum	20	20	30	10	<b>Target achieved.</b> More requests were received from international counterparts than anticipated.
3.4 Provide thought leadership in the field of electoral management and related fields.	3.4.1	The number of research and thought leadership initiatives achieved per annum	4	4	4	-	<b>Target achieved</b>

## Civic and Democracy Education

### Overview

Civic and Democracy Education provides a range of education interventions and initiatives that are focused on encouraging greater participation in the electoral democracy process. Such initiatives include conducting group-based, face-to-face voter education workshops and events throughout the country, as well as providing educational material, such as pamphlets, posters and booklets on various aspects of the electoral process and the democratic rights and responsibilities of citizens.

Being a non-election year, the year under review saw a reduction in civic and outreach events compared to the previous year, with 14 074 CDE events being conducted. However, despite being a non-election year and without the benefit of the expansion capacity of municipal outreach coordinators and democracy education fieldworkers deployed during election periods, the Electoral Commission was able to record 1 202 education events above target (or 9.3%). This increase was primarily as a result of additional events conducted in support of the organisation's address harvesting and registration campaigns. In addition to the higher number of events, a specific emphasis of CDE events during the latter half of the financial year was on the importance of the voters' roll for the integrity of the electoral process and the importance of providing accurate and up-to-date information to the Electoral Commission.

## Addressing youth participation

Against the backdrop of South Africa's relatively young population (over 66% of the population is under 35 years of age according to Statistics South Africa's mid-year population estimates in July 2017), young and first-time voters are a key focus area of the Electoral Commission's education initiatives.

Two key programmes focusing on the youth that were undertaken during the year under review were Schools Democracy Week and a partnership with the Law Society of South Africa to promote civic and democracy awareness among young legal professionals.

### 2017 Schools Democracy Week

The Schools Democracy Programme was launched in 2013 in partnership with the Department of Basic Education to promote responsible citizenship among the youth of South Africa, and to ensure that first-time voters and younger children are taught the values of the Constitution in relation to electoral democracy. As the Electoral Commission's flagship programme for youth from Reception to Grade 12 in schools, there is no doubt that the programme prepares youth for one of the major tasks of schooling – participation in a democratic society. It also plays a significant role in addressing the problem of youth civic disengagement.



Building and consolidating on past achievements, the fifth implementation of Schools Democracy Week ran successfully from 24 to 28 April 2017. This week is chosen annually to coincide with Freedom Day celebrations and activities in South African schools.

Activities included debates, moot courts, presentations, mock elections, role plays, cultural festivals, voter registration, interactive sessions, lectures and formal lessons. Schools were furnished with materials to set up mock voting stations with ballot boxes, voting booths and dummy ballot papers. The week also provided an opportunity for pupils aged 16 and older to register as voters.

Social media is playing an increasingly indispensable role as a medium for the Electoral Commission to reach young people and to promote democracy education and youth participation throughout the electoral cycle.

In support of its activities within schools and on campuses, the Electoral Commission's social media platforms featured specific youth-targeted education content during the 2017 Schools Democracy Week campaign, including encouraging the posting of photographs and tweets by young people relating to democracy and elections

### Democracy education in partnership with the Law Society of South Africa

Following its Memorandum of Understanding with the Electoral Commission, signed in December 2014, the Law Society of South Africa has annually conducted electoral democracy and voter education programmes in all its Legal Education and Development (LEAD) schools for legal practice across all nine provinces.

The initiative seeks to institutionalise voter education into the LEAD curriculum, and to promote understanding of



the content of electoral democracy and voter education to young legal professionals, candidate attorneys and a controlled group of young legal professionals interested in access to justice education. This led to the creation of a new subject, Electoral Democracy and Voter Education, comprising six modules, which was added to the official curriculum of the LEAD schools in 2015. This educational initiative continued in 2017/18 where electoral democracy and voter education sessions reached more than 800 students.

An exciting addition to the electoral democracy and voter education training material – a DVD – was also introduced to ensure uniformity of the voter education message. The DVD allows for debate and question-and-answer sessions, and provides all the necessary information contained in the Electoral Democracy and Voter Education curriculum. It is an interactive DVD and much of the success of the course lies in its participatory nature.

### **Contributing to international publication on gender and election management bodies**

In 2016, the Commission completed a research study entitled “Survey on career-pathing and development of women as part of promoting gender mainstreaming in the Electoral Commission of South Africa”. During the year under review, the Africa Political Division in the Commonwealth Secretariat approached the Commission to include recommendations from the Commission’s study in a compilation of good gender mainstreaming practices among Commonwealth election management bodies.

Its publication, “A handbook for gender-inclusive elections in Commonwealth Africa – achieving 50:50 by 2030”, was completed in March 2018. From the handbook, it is clear that recruiting women to senior management is an area on which all election management bodies need to improve. Many of the issues raised in principle are likely to apply in other Commonwealth, African, and other countries.

The Commonwealth lauded the Commission’s study as offering interesting insights into barriers women in election management bodies face, as well as actions that may be taken to ensure equal access to women in the workplace. This area of electoral work will need constant prioritising and monitoring if it is to promote and achieve gender-inclusive elections.

### **Knowledge Centre**

The Knowledge Centre consists of an in-house library, a registry, reproduction, messenger and postal sections, as well as an extensive photo library and archive.

Annually, all documented information is filed and preserved according to relevant legislation, namely the National Archives and Record Service of South Africa Act (Act No.

43 of 1996), the Promotion of Access to Information Act (Act No. 2 of 2000) and the Electronic Communications and Transactions Act (Act No. 25 of 2002).

The Electoral Commission’s library is classified as a special library that offers resources to address the needs of the staff of the Electoral Commission and any researcher interested in elections and democracy. The exceptional library collection, established and amassed since 1998, is befitting of its role within a critical independent national institution. As a knowledge repository for learning materials related to democracy, free and fair elections and the core functions and programmes of the Commission, the library supports staff and any researcher who wishes to use its services with up-to-date reference material, books, resources, publications and journals, as well as an impressive electronic collection.

The Knowledge Centre hosted its seventh Library Week in March 2018. The theme was “Libraries: heart of the community” which emphasised the idea that libraries, whether public or special libraries, belong to and reflect the communities they serve. The event included partnering with the Human Resources Department and Hospice Centurion to sell second-hand books on behalf of the Hospice bookshop. All proceeds from the sale of the books were donated to Hospice. Book sales were a huge success, with the highest amount raised by staff since the Knowledge Centre first celebrated Library Week in 2012.

### **International relations**

The Electoral Commission is a member of various associations of election management bodies globally. These include the Electoral Commissions Forum of the SADC region (ECF SADC), the Association of African Electoral Authorities (AAEA), the Association of World Electoral Bodies, and the Commonwealth Electoral Network. The Electoral Commission also represents the South African government in the intergovernmental International Institute for Democracy and Electoral Assistance. The Commission plays a very active role in these organisations and currently serves in the executive committee of the ECF SADC. It was also one of the founding members of A-WEB.

During the year under review, the Electoral Commission provided technical assistance to the National Elections Commission of Liberia during the general elections in that country, which were held on 10 October 2017. The assistance was provided under the auspices of the Department of International Relations and Cooperation, following a request by the government of Liberia for assistance in these elections.

In addition to the above, the Electoral Commission hosted a number of delegations from other election management bodies on the continent to discuss and share ideas and best practices on election management-related matters. The



Commission also participated as an observer in the general elections in Kenya, which were held on 8 August 2017, and in the presidential elections in Russia, held on 18 March 2018.

### **Research and thought leadership**

Section 5(1)(h) of the Electoral Commission Act compels the Commission to undertake and promote research into electoral matters. In fulfilment of this mandate, the Commission conducts both large-scale, nationally representative evidence-based research projects, and smaller, self-initiated applied research studies.

The larger studies include empirical assessments and surveys, such as the Voter Participation Survey (VPS) and a post-election survey, the Election Satisfaction Survey (ESS). The intention of the VPS is to enable the Electoral Commission to get a broad view of the socio-political landscape ahead of the 2019 elections. The main aim of the ESS is to determine the operational efficiency of the Electoral Commission on the day of the 2019 elections.

During 2017/18, in preparation for the 2019 National and Provincial Elections, the Commission broadened its research agenda to address critical issues and advance innovation in topical research areas such as the following:

- A comparative analysis of political party funding
- A review of voting abroad in national elections
- An exploration of the feasibility of e-counting technologies
- Various thought leadership seminars, including 'An analysis of student representative councils in South Africa – participation to protest'.

The applied research studies mentioned above highlight key factors that impact on these electoral processes from both an academic and practitioner perspective, and identified good practice.

## **Communications**

### **Overview**

The Electoral Commission's communication activities for the financial year under review were dominated by two key activities during the year: supporting and promoting the organisation's address harvesting and registration initiatives, and promoting participation and other communication support for the 131 by-elections conducted during the financial year.

### **Address Harvesting Campaign**

Although not an election year, the 2017/18 financial year was dominated by the Electoral Commission's various address harvesting initiatives, which were aimed at ensuring that it met the June 2018 deadline of the Constitutional

Court. This campaign took place in three phases: an initial pilot phase, an online campaign referring voters to the website to check and update or provide their address, and the third and final campaign related to the registration weekend on 10 and 11 March 2018.

### **Pilot phase**

On 16 May 2017, the Electoral Commission launched the first phase of an online address capture facility where registered voters could – for the first time – check, provide or update their address details via its website at [www.elections.org.za](http://www.elections.org.za).

In this initial phase, the online facility was available to the approximately three million registered voters for whom no address was available on the voters' roll at that time.

In support of this phase, the Electoral Commission sent out SMS messages to those voters whose addresses were not on record and for whom it was able to source a cellphone number requesting them to submit their address via [www.elections.org.za](http://www.elections.org.za). A total of 4.5 million SMS messages were sent urging voters to use the facility to provide an address. SMS messages included an explanation SMS, reminder SMS and a thank you SMS to those voters who responded to the appeal.

### **Click, check, confirm campaign**

Following the pilot phase, a nationwide communication campaign was launched in early October 2017 to encourage all registered voters to confirm their address details using the online portal <https://www.elections.org.za/MyIEC>.

The campaign was carried across a variety of media, including television, radio and print. Digital and social media also featured prominently to support the online service facility. A small-scale contact centre (0800 11 8000) was activated on weekdays during office hours to assist voters with any difficulties they may have experienced with the portal or enquiries as to how they could go about providing their addresses.

Although the campaign concluded in late December 2017, the online facility continued to be available to all registered voters.

### **Voter Registration Weekend of 10 and 11 March 2018**

The communication activities in support of address initiatives culminated in the promotion of the registration weekend held on 10 and 11 March 2018.

A comprehensive communication strategy to promote participation in and awareness of the event among all key stakeholders was developed and implemented. The campaign was launched under the slogan "Let's address the



voters' roll" in February 2018 at a media briefing held at the Electoral Commission's national office in Centurion, Tshwane.

Among the key creative products launched was a television advertisement featuring well-known South African celebrities who urged all citizens to update the voters' roll. It was aimed at appealing to all voter demographics. The television commercials were supported by radio advertisements in all 11 languages, billboards, street posters and print adverts.

On 9 March 2018, approximately 1.3 million SMS messages were also sent out to voters for whom an address was not on the voters' roll to encourage their specific participation over the weekend.

### Contact centre

A key component of the Electoral Commission's communications campaign was an effective contact centre where voters could be assisted to obtain registration information, resolve their queries and participate in activities.

Despite 2017/18 not being an election year, the demand for information from the South African electorate during the various registration campaigns necessitated the Electoral Commission establishing a small-scale inbound contact centre using its usual toll-free number (0800 11 8000).

The purpose of the contact centre was to allow potential eligible voters to clarify any queries they had with respect to the status of their address on the voters' roll, their correct voting station, and the address update and registration process, both online and at their correct voting station. The contact centre was operational for the click, check, confirm campaign from 9 October until 22 December 2017, and again ahead of the March registration weekend from 6 February until 16 March 2018.

During both campaigns, the call centre was staffed by 12 agents who attended to standard queries (according to pre-defined criteria) and escalated non-standard queries to the Communication Department at the Electoral Commission's national office.

The following are some statistics from the call centre for the registration weekend campaign on 10 and 11 March:

- Total number of calls: 20 320
- Total number of calls handled by agents: 11 045
- Percentage of calls abandoned: 31.88%
- Average handling time: 03:24 minutes

English accounted for the greatest call volumes (14 048 calls received or 69%), followed by isiZulu (3 709 calls or 18%), Afrikaans (1 053 calls or 5%) and Sepedi (1 015 calls or 5%). The high volume of calls received necessitated bringing an extra five agents on board for the week of the registration weekend.

### By-elections

In the year under review, the Communication Department assisted in creating awareness for and announcing the candidates and results of 131 by-elections running between 5 April 2017 and 7 March 2018.

The Communication Department was responsible for compiling and sharing three media releases per by-election event – announcing the registration weekend for the by-election, the by-election candidates, and the results for each by-election. This content was shared on the Electoral Commission's social media platforms – Facebook and Twitter, and on its website.

Finally, the Communication Department arranged for the sending of some 1 million SMSs to registered voters in the affected wards for each by-election to notify them of the imminent registration weekend and by-election events.

### Social media

Between 1 April 2017 and the end of March 2018, the Electoral Commission enjoyed the following significant growth in key social media platforms:

- The number of Twitter followers grew from just under 166 000 in April 2017 to about 188 000 at the end of March 2018. Five thousand of these were accrued over the month of March alone, thanks to the registration weekend campaign. During the period under review, the Electoral Commission's Twitter profile continued to be featured in the top six governmental Twitter profiles in South Africa (Socialbakers.com).
- Facebook likes increased from some 285 500 followers at the start of the financial year in April 2017 to 340 117 followers at the end of the financial year in March 2018. Again, excellent growth was recorded in the month of March 2018 thanks to the registration weekend campaign – with nearly 23 000 new followers. Worth noting is that the Electoral Commission maintained its number one spot on Socialbakers.com's listing of the largest audience for South Africa's governmental Facebook platforms, and its Facebook page continued to rank as one of the fastest-growing governmental pages in South Africa during March 2018.
- YouTube videos performed well over the course of the click, check, confirm and registration weekend campaigns. In the first campaign, a My IEC portal address update tutorial video garnered over 120 000 views and the television advert achieved nearly 400 000 views, while in the registration weekend campaign, the television advertisement garnered over 200 000 views and a specially developed YouTube masthead video garnered nearly 100 000 views.
- The Electoral Commission's relatively new presence on the Instagram photo-sharing platform grew organically from some 600 to over 900 followers.



*A view of the Electoral Commission's YouTube videos from the 10–11 March 2018 Voter Registration Weekend campaign*

### **Internal communication**

Efficient and effective communication is a vital tool within any organisation. It lies at the heart of how the staff members of the Electoral Commission work together to achieve their shared goals and objectives, as individuals, as teams, as divisions, as provinces and ultimately as an institution.

Knowledge and understanding of the key opportunities, activities, projects, risks and other threats are an essential part not just of management, but for all employees to help drive an organisation towards achieving its goals, especially during a pre-election period.

In addition to the existing monthly internal newsletter issued electronically to staff, newly appointed CEO Sy Mamabolo undertook to provide regular high-level feedback on the key issues that affect all staff in the organisation with his own message to staff. Issued monthly via email to all staff, the newsletter was received with great interest by staff members. Regular emails were also sent to staff concerning important events, news, legislative amendments, the celebration of commemorative events and other operational issues.

### **Publications**

The Communication Department published the 2017 Annual Report, of which 1 200 copies were printed and distributed to stakeholders, including members of Parliament, political parties, the media, non-governmental organisations working in elections, certain government departments, researchers, universities and legal deposit libraries. A digital copy was uploaded to the organisation's online Document Library. In terms of the Electoral Commission Act and PFMA, the Electoral Commission is obliged to publish an Annual Report.

During the financial year, the Communication Department also published the 2016 Elections Report in compliance with section 14(3) of the Electoral Commission Act. The

1 500 copies printed were also distributed to stakeholders, including members of Parliament, political parties, the media, non-governmental organisations working in elections, certain government departments, researchers, universities and legal deposit libraries.

### **Media relations**

During the period under review, a media relations programme was conducted in support of the various campaigns and operational activities of the Electoral Commission.

In addition to responding to a variety of media enquiries, activities included the following:

- Issuing 74 media releases
- Conducting 81 interviews on radio, television and digital platforms
- Conducting six media briefings – three of which were broadcast live by news channels (one in October 2017 and two in March 2018)

### **Media monitoring**

The Electoral Commission monitors a variety of print, broadcast and online media for coverage of the organisation, electoral processes and other areas of interest and relevance to ensure that information is accurate and fair, and to intervene where necessary to protect and maintain the credibility of the institution and faith in the electoral process.

For the year under review the Electoral Commission achieved 93.8% positive and neutral coverage against a target of 75%. This was made up as follows:

- 3 733 (60%) reports reflected a positive view of the organisation
- 2 368 (38%) of the reports were assessed to be neutral in their perception of the organisation
- 108 (2%) were assessed as having a negative impact on the reputation of the organisation



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Street pole posters from the 10–11 March 2018 Voter Registration Weekend campaign

**Table 18:** Monthly media analysis of 2017/18

Month	Percentage of positive articles	Percentage of neutral articles	Percentage of negative articles	Total number of articles
April 2017	67%	31%	2%	314
May 2017	74%	25%	0%	803
June 2017	48%	51%	0%	249
July 2017	56%	42%	1%	298
August 2017	52%	48%	0%	553
September 2017	44%	53%	3%	393
October 2017	56%	43%	1%	567
November 2017	46%	50%	4%	526
December 2017	44%	52%	4%	388
January 2018	47%	53%	0%	103
February 2018	65%	35%	0%	330
March 2018	70%	27%	3%	1 685
<b>Total</b>	<b>60%</b>	<b>38%</b>	<b>2%</b>	<b>6 209</b>

#### Linking performance with budgets

Programme name	2017/18			2016/17		
	Budget	Actual expenditure	(Over-)/under-expenditure	Budget	Actual expenditure	(Over-)/under-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Outreach	116 361	108 644	7 717	170 704	197 765	(27 061)



Part A:  
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Part B:  
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Part C:  
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Part D:  
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Part E:  
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# Part C Governance



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# 1. Introduction

Corporate governance embodies processes and systems by which institutions are directed, controlled and held to account. In addition to legislative requirements based on the Electoral Commission Act, corporate governance with regard to the Electoral Commission is applied through PFMA and its various regulations. Parliament, the Executive Authority, the Commissioners and the CEO of the Electoral Commission are responsible for corporate governance.

# 2. Portfolio committees

The Electoral Commission reports directly to Parliament and interacts primarily with the Portfolio Committee on Home Affairs. The Portfolio Committee is a multi-party committee established in terms of the Rules of Parliament. There were several interactions with the Portfolio Committee on Home Affairs during the course of the year under review. These included the following sessions:

- 2 May 2017 for a briefing on the APP and budget for 2017/18
- 3 October 2017 for the briefing by the AGSA on the audit outcome of the Electoral Commission for 2016/17
- 5 October 2017 for the 2016/17 Annual Report
- 27 February 2018 for a briefing on the 2016 Local Government Elections
- 6 March 2018 on the second and third quarter performance and budgets for 2017/18

# 3. Executive Authority

In terms of Treasury Regulation 1.1 of PFMA, the Executive Authority of the Electoral Commission is the Chairperson of the Commission. The Accounting Officer, who is the CEO, submits quarterly reports on performance against strategic objectives to the Commission (including the Chairperson). These reports are discussed at meetings of the Commission, as well as through the management process of the Electoral Commission. Issues raised at these meetings are considered when implementing plans for the remainder of the year.

# 4. The Commission

The membership of the Electoral Commission is provided for in terms of Section 6 of the Electoral Commission Act.

The Commission meetings attended and the members of the Commission for the year under review are as follows:

**Table 19: Commission meetings**

Name	Date appointed	Number of meetings attended
<b>Glen Mashinini</b>	18 May 2015	20
<b>Terry Tselane</b>	8 November 2011	27
<b>Judge Gidfonia Makhanya</b>	10 May 2011	3
<b>Rev Bongani Finca</b>	8 November 2011	24
<b>Janet Love</b>	20 April 2016	16

Members of the Commission are appointed for a term of seven years. The Commission appoints the CEO. It also adopts the Strategic Plan, monitors and oversees its implementation, and reports annually to the National Assembly. The Commission has established a number of committees to advise it on the execution of its duties.

**Table 20: Committee chairs**

Committee	Chairperson
<b>Elections Management</b>	Terry Tselane
<b>Finance, Risk and Compliance</b>	Terry Tselane
<b>Governance and Ethics</b>	Glen Mashinini
<b>Human Resources Governance</b>	Glen Mashinini
<b>Outreach, Communications and International Relations</b>	Rev Bongani Finca
<b>Research, Knowledge Management and Publications</b>	Rev Bongani Finca

# 5. Risk management

Risk management at the Electoral Commission is effected in terms of an approved risk management policy and framework, and risks are reviewed at least quarterly under the direction of the Executive Risk Management Committee (ERMC).

An annual strategic planning workshop was held, involving senior management, where the Strategic Plan, Annual Performance Plan and Technical Indicator Descriptions were reviewed. Risks were also identified that would potentially prevent the Electoral Commission from achieving its objectives. Seventeen operational risk registers, which included those for the nine provinces and eight national departments, are completed quarterly for their respective areas of responsibility. These are used as a basis, together with the knowledge and experience of the ERMC, to review and update the strategic risk register, which is completed at the quarterly meeting of the ERMC.



## 6. Internal control

The Electoral Commission's system of internal control is well established and operates efficiently and effectively. A process of continuous review and improvement is in place and standard operating procedures have been drafted and are updated as necessary. Findings from internal and external audit reports are tracked and the relevant process improvements are implemented in terms of the agreed time frames.

## 7. Internal audit and Audit Committee

The Electoral Commission uses a co-sourced model of internal auditing under the direction of the CAE, who reports functionally to the statutory Audit Committee and administratively to the CEO. The Audit Committee operates within its written terms of reference to timeously execute its responsibilities.

The Audit Committee convened for seven meetings during the year. Details of the individual members of the Audit Committee and attendance at meetings during 2017/18 are as follows:

**Table 21: Audit Committee members**

Name of member (all external)	Qualifications	Date appointed	Attended	Apologies	Total attended	Retired
<b>YN Gordhan (Chairperson)</b>	CA(SA)	October 2014	6	1	6	
<b>Il van Niekerk</b>	CA(SA)	October 2014	3	1	3	August 2017
<b>J Meissner</b>	CA(SA)	May 2016	5	2	5	
<b>Adv. CH Wessels</b>	LLM	August 2016	6	1	6	
<b>CD Boltman</b>	MBA	June 2017	4	n/a	4	
<b>Dr MEC Moleki</b>	PHD	March 2018	1	n/a	1	

**Table 22: Audit Committee attendance**

Name of member	4 May 2017	11 May 2017	24 May 2017	27 July 2017	16 August 2017	1 December 2017	26 March 2018
<b>YN Gordhan (Chairperson)</b>	✓	✓	✓	✓	✓	✓	×
<b>Il van Niekerk</b>	✓	✓	×	✓		Retired	
<b>J Meissner</b>	✓	×	✓	✓	✓	×	✓
<b>Adv. CH Wessels</b>	✓	✓	✓	✓	✓	✓	×
<b>CD Boltman</b>				✓	✓	✓	✓
<b>Dr MEC Moleki</b>							✓

Officials of the Auditor-General, the CEO, the Chief Financial Officer and the CAE have attended general meetings of the Audit Committee. In addition, two Commissioners assigned at the discretion of the Chairperson of the Commission also have a standing invitation to attend general meetings of the Audit Committee pending his or her availability.

The Audit Committee held confidential discussions with Internal Audit, the Auditor-General, as well as with the CEO, as and when required. The Audit Committee monitors readiness for the next external quality review of the internal audit activity. Reports of the Audit Committee are tabled to the Commission, as well as with the Accounting Officer.



## 8. Compliance with laws and regulations

A detailed review of all procurement processes and documentation is undertaken after each external audit, and a continuous process of monitoring the legislative environment is in place. The Electoral Commission has a fully functional compliance unit and all procurement transactions are reviewed to ensure compliance with the relevant prescripts.

## 9. Fraud and corruption

The Fraud and Corruption Prevention Policy and the Whistleblowing Policy were drafted and approved by the Commission on 6 March 2015. In addition, the Fraud Prevention Strategy was reviewed and revised, and approved on the same date.

Key elements in the Fraud Prevention Implementation Plan include the drafting of standard operating procedures and a communication campaign to reinforce the Electoral Commission's zero tolerance of fraud and corruption.

During the latter part of 2016, a company was appointed that specialises in whistleblowing processes to ensure that suspected fraud and corruption cases are handled independently and objectively.

## 10. Minimising conflict of interest

The Electoral Commission recognises that conflicts extend beyond procurement matters, and, on 18 March 2016, the Commission approved a Conflict of Interest Policy that addresses the broader issues. The need to be aware of potential conflicts and how to address these are reinforced at financial management workshops.

## 11. Code of conduct

The Electoral Commission has a code of conduct that is contained in its Employee Policy Manual. Section 9 of the Electoral Commission Act contains a code for Commissioners. Both codes are currently in the process of being reviewed by the Governance and Ethics Committee for recommendations to be made to the Commission.

## 12. Health, safety and environmental issues

The Occupational Health and Safety Act (Act No. 85 of 1993) was adhered to and no contraventions were reported. The Electoral Commission has established a Health and Safety Committee for its national office, in accordance with the requirements of the Occupational Health and Safety Act. During the period under review, this committee met once to carry out its functions in terms of the Act.

## 13. Social responsibility

The Commission has established a Governance and Ethics Committee, which will develop a Policy on Social Responsibility. Currently employees of the Electoral Commission are encouraged to participate in various initiatives to contribute to social development. Such initiatives are organised centrally and time is allowed for this. Direct financial contributions are regulated by PFMA.

## 14. Audit Committee report

The Audit Committee is pleased to present its report for the financial year ended 31 March 2018.

### Audit Committee responsibility

The Audit Committee hereby reports that it has been established in terms of section 77 of PFMA as amended and has complied with its responsibilities arising from Treasury Regulation 3.1. The Audit Committee also confirms that it has adopted the approved formal terms of reference contained in its charter, has regulated its affairs in compliance with this charter, and has discharged all its responsibilities as contained therein.

Details of its composition, meetings held and attendance are reflected in Part C, point 7 (page 49 of the Annual Report).

### Effectiveness of internal control

The systems of internal control are designed to provide effective assurance that assets are safeguarded, liabilities



and working capital are efficiently managed, operations are efficient and effective, and that policies, laws and regulations are complied with.

From issues raised by the AGSA and in reports of the internal auditors, the Audit Committee has concluded that the overall control environment is adequate, but only partially effective in some areas.

To this end, the Audit Committee has recommended further improvements to supply chain management processes and, in particular, the governance of ICT. The Accounting Officer has committed to addressing these areas in order to strengthen the drivers of internal control.

### Performance information

The Audit Committee considered the CEO's 2017/18 statutory performance reports at its quarterly meetings and was satisfied with improvements in the overall achievement of predetermined targets.

### Risk management

In addition to the information on risk management reflected in Part C (page 48), the Audit Committee is satisfied with the steady progress in risk management processes reported at quarterly meetings.

### Internal audit

In addition to the information on internal audit reflected in Part B (page 17 to 18), the Audit Committee is satisfied that the internal audit function effectively discharged its responsibilities during the reporting period.

Furthermore, the onboarding of a new panel of internal audit service providers will assist the CAE, in line with the five-year strategy, to further improve the audit-enabling environment towards value realisation.

### Finance function

The finance function discharged its responsibilities satisfactorily, despite having an Acting Chief Financial Officer. Management has embarked on a new recruitment process to fill the vacancy in the ensuing year.

### Quality of management reports

The Audit Committee is satisfied with the quality of management reports tabled at its quarterly meetings.

### Evaluation of audited Annual Financial Statements

The Audit Committee has:

- reviewed and discussed the Management Report from the AGSA with management;
- reviewed the appropriateness of the accounting policies and practices;
- reviewed and discussed the adjustments to the financial statements arising from the audit;
- noted the schedule of audit differences arising from the audit; and
- reviewed and discussed the audited Annual Financial Statements with management, and recommended their approval by the Accounting Officer and the Executive Authority.

The Audit Committee concurs with and accepts the Audit Report of the AGSA.

### Appreciation

The Audit Committee wishes to express its appreciation to the Chairperson, Vice-Chairperson and Commissioners of the Electoral Commission, the Chief Electoral Officer and his management team for assisting the Audit Committee to executive its statutory duties without fear or favour.

In particular, the Chairperson of the Audit Committee commends the progress that the constitutional institution has made towards crafting its governance framework, which also recognises the need to govern the roles and position fit of statutory functions within the Electoral Commission.

**YN Gordhan**  
**Chairperson of the Audit Committee**  
**31 July 2018**



# LET'S GET SA'S VOTERS ON THE MAP





Part A:  
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Information



Part B:  
Performance  
Information



Part C:  
Governance

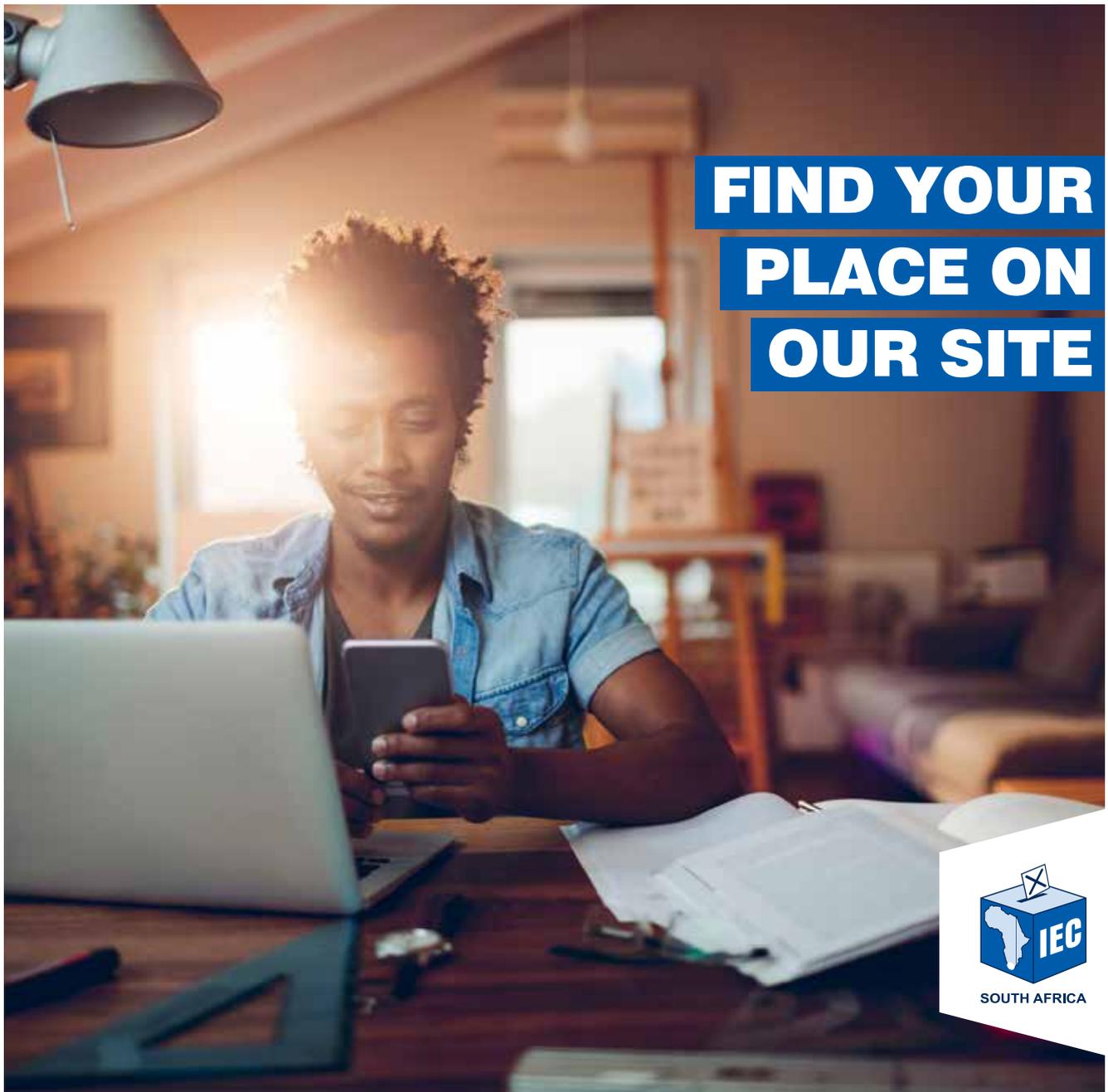


Part D:  
Human Resource  
Management



Part E:  
Annual Financial  
Statements

# Part D: Human resources management



# 1. Introduction

At the beginning of the period under review, the Electoral Commission had a total staff complement of 1 033 posts, with 939 posts filled and 94 vacant. By the end of the financial year, 926 posts were filled and 107 posts were vacant. Staff turnover was slightly higher in this financial year compared to the previous year, with most of the terminations emanating from resignations (nine).

Interviews were conducted for three of the vacant senior manager posts. One of the successful candidates will assume duty in the next financial year, while the finalisation of the other two positions was still in progress at the end of the reporting period.

The loss of skilled and experienced Electoral Commission staff members as a result of retirement continued to be a concern for the organisation. As a result, the Human Resources Plan, which considers, inter alia, the policies and plans to address loss of staff due to retirement, was developed and approved. An implementation plan will be developed to ensure the achievement of the recommended interventions, and regular monitoring of achievements against the plan will take place.

The new approach of acquiring approval prior to advertising vacant posts has had an impact on the organisational rate of reducing vacancies. Subsequently, the target of 980 posts filled by end of the financial year was not achieved.

The review of the recognition agreement with the union was concluded in August 2014 and a new recognition and procedural agreement, which governs the relationship between the Electoral Commission and the recognised union, was signed by both parties. The parties also commenced with wage negotiations for the 2018/19 financial year in the last quarter of the reporting period.

Five (55.5%) of the nine cases that were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) by the recognised trade union, employees and/or former employees were ruled in favour of the Electoral Commission, with three cases (33.3%) still pending.

The Employment Equity (EE) Report was compiled and submitted to the Department of Labour in January 2018.

During the period under review, by-election training material was reviewed to ensure alignment with revised organisational requirements. The training of electoral staff members was a priority in the last quarter of the year under review, as the registration weekend was held in March 2018.

In the quest to strengthen the managerial and supervisory skills of the Electoral Commission's staff, 109 employees across the organisation participated in the supervisory skills training programme.

In line with the Electoral Commission's vision of being a pre-eminent leader in electoral democracy and strengthening staff members' knowledge and understanding of election management, 34 staff members attended the Management of Democratic Elections in Africa programme, offered by Unisa in partnership with the Electoral Commission.

## 2. Human resources oversight statistics

### 2.1 Expenditure on remuneration

During the period under review, the Electoral Commission implemented inflationary increases for all its employees in April 2017.

A summary of expenditure on remuneration during the year under review is illustrated in the table below.

**Table 23: Personnel cost according to salary band**

Level	Personnel expenditure (R'000)	Percentage of personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
<b>Commissioners</b>	6 988	1%	4	1 747
<b>Top management</b>	11 512	2%	4	2 878
<b>Senior management</b>	63 694	10%	35	1 820
<b>Middle management</b>	120 766	19%	126	958
<b>Professionals</b>	359 534	56%	634	567
<b>Skilled</b>	17 389	3%	58	300
<b>Semi-skilled</b>	39 938	6%	5 076	8
<b>Very low skilled</b>	18 997	3%	6 625	3
<b>Total</b>	<b>638 818</b>	<b>100%</b>	<b>12 562</b>	<b>8 781</b>

**Table 24: Employment and vacancies according to rank**

Programme	2016/17 number of employees	2017/18 approved posts	2017/18 number of employees	2017/18 number of vacancies	Percentage of total vacancies
Top management	4	4	2	2	1.9%
Senior management	37	44	37	7	6.5%
Professional qualified	771	847	762	85	79.4%
Skilled	60	63	60	3	2.8%
Semi-skilled	17	20	15	5	4.7%
Unskilled	50	55	50	5	4.7%
<b>Total</b>	<b>939</b>	<b>1 033</b>	<b>926</b>	<b>107</b>	<b>100%</b>

**Table 25: Employment and vacancies by structure**

Division	Rank	Approved posts	Posts filled	Vacant posts
<b>Office of the CEO</b>	CEO	1	1	0
	Manager	2	1	1
	Deputy Manager	1	1	0
	Senior Administrative Officer	1	0	1
	Assistant Administrative Officer	1	1	0
<b>Commission Services</b>	Manager	1	1	0
	Senior Administrative Officer	3	3	0
	Housekeeper	2	2	0
<b>DCEO: Corporate Services</b>	DCEO	1	0	1
	Senior Administrative Officer	1	1	0
<b>ICT Operations</b>	Senior Manager	1	1	0
	Manager	2	1	1
	Deputy Manager	8	2	6
	Assistant Manager	10	3	7
	Senior Administrative Officer	4	0	4
	Administrative Officer	5	5	0
	Assistant Administrative Officer	2	1	1
<b>Chief Financial Officer</b>	Senior Manager	2	0	2
	Manager	3	3	0
	Deputy Manager	4	2	2
	Assistant Manager	3	3	0
	Senior Administrative Officer	8	5	3
	Administrative Officer	21	16	5
	Assistant Administrative Officer	2	1	1
<b>HR, Training, Skills Development and Support Services</b>	Senior Manager	1	1	0
	Manager	3	3	0
	Deputy Manager	6	6	0
	Assistant Manager	4	2	2
	Senior Administrative Officer	4	3	1
	Administrative Officer	5	4	1
	Assistant Administrative Officer	6	5	1
	Senior/Administrative Clerk	5	5	0
	Messenger/Driver/Housekeeper	10	7	3



Division	Rank	Approved posts	Posts filled	Vacant posts
<b>Legal Services</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	1	1	0
	Assistant Administrative Officer	1	1	0
<b>DCEO: Electoral Operations</b>	DCEO	1	0	1
	Senior Administrative Officer	1	1	0
<b>Logistics and Infrastructure</b>	Senior Manager	1	0	1
	Manager	2	2	0
	Deputy Manager	2	1	1
	Assistant Manager	2	2	0
	Senior Administrative Officer	2	2	0
	Assistant Administrative Officer	2	1	1
<b>Electoral Matters</b>	Senior Manager	1	1	0
	Manager	2	2	0
	Deputy Manager	1	1	0
	Assistant Manager	2	2	0
	Senior Administrative Officer	2	2	0
	Assistant Administrative Officer	2	2	0
<b>DCEO: Outreach</b>	DCEO	1	1	0
	Senior Administrative Officer	1	1	0
<b>Communications</b>	Manager	1	1	0
	Deputy Manager	2	1	1
	Assistant Manager	1	0	1
	Senior Administrative Officer	1	1	0
	Administrative Officer	1	1	0
	Assistant Administrative Officer	1	1	0
<b>Civic Education, Research and Knowledge Management</b>	Senior Manager	1	1	0
	Manager	1	0	1
	Deputy Manager	2	2	0
	Assistant Manager	1	0	1
	Senior Administrative Officer	1	0	1
	Administrative Officer	1	0	1
	Assistant Administrative Officer	1	1	0
	Clerk/Photocopy Operator	4	4	0
<b>Provincial electoral staff: Eastern Cape</b>	Senior Manager	1	1	0
	Manager	1	0	1
	Deputy Manager	4	3	1
	Assistant Manager	12	11	1
	Senior Administrative Officer	26	24	2
	Administrative Officer	3	2	1
	Assistant Administrative Officer	2	2	0
	Messenger/Housekeeper/Driver	2	2	0
	Senior Administrative Clerk	8	8	
	Electoral Project Coordinator	87	85	2
	Cleaner	33	30	3



Division	Rank	Approved posts	Posts filled	Vacant posts
<b>Provincial electoral staff: Free State</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	1	1	0
	Assistant Manager	9	8	1
	Senior Administrative Officer	12	9	3
	Administrative Officer	2	2	0
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper	1	1	0
	Senior Administrative Clerk	5	5	0
	Electoral Project Coordinator	28	26	2
<b>Provincial electoral staff: Gauteng</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	2	2	0
	Assistant Manager	8	8	0
	Senior Administrative Officer	15	14	1
	Administrative Officer	3	2	1
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper/Driver	1	0	1
	Senior Administrative Clerk	7	5	2
	Electoral Project Coordinator	38	35	3
Cleaner	5	4	1	
<b>Provincial electoral staff: KwaZulu-Natal</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	2	2	0
	Assistant Manager	16	16	0
	Senior Administrative Officer	21	20	1
	Administrative Officer	3	3	0
	Assistant Administrative Officer	2	2	0
	Messenger/Housekeeper/Driver	1	1	0
	Senior Administrative Clerk	11	10	1
	Electoral Project Coordinator	92	88	4
<b>Provincial electoral staff: Limpopo</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	2	2	0
	Assistant Manager	8	8	0
	Senior Administrative Officer	15	14	1
	Administrative Officer	2	2	0
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper/Driver	1	0	1
	Senior Administrative Clerk	5	5	0
	Electoral Project Coordinator	60	59	1



Division	Rank	Approved posts	Posts filled	Vacant posts
<b>Provincial electoral staff: Mpumalanga</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	1	1	0
	Assistant Manager	7	6	1
	Senior Administrative Officer	10	9	1
	Administrative Officer	2	2	0
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper/Driver	1	1	0
	Senior Administrative Clerk	3	3	0
	Electoral Project Coordinator	39	37	2
<b>Provincial electoral staff: Northern Cape</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	1	1	0
	Assistant Manager	9	9	0
	Senior Administrative Officer	10	10	0
	Administrative Officer	2	1	1
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper/Driver	1	1	0
	Senior Administrative Clerk	5	4	1
	Electoral Project Coordinator	31	29	2
<b>Provincial electoral staff: North West</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	1	1	0
	Assistant Manager	8	8	0
	Senior Administrative Officer	9	8	1
	Administrative Officer	2	2	0
	Assistant Administrative Officer	1	1	0
	Messenger/Housekeeper/Driver	1	1	0
	Senior Administrative Clerk	4	4	0
	Electoral Project Coordinator	38	34	4
	Cleaner	16	15	1
<b>Provincial electoral staff: Western Cape</b>	Senior Manager	1	1	0
	Manager	1	1	0
	Deputy Manager	2	2	0
	Assistant Manager	10	9	1
	Senior Administrative Officer	12	11	1
	Administrative Officer	2	2	0
	Assistant Administrative Officer	1	1	0
	Cleaner	1	1	0
	Senior Administrative Clerk	6	5	1
	Electoral Project Coordinator	38	36	2
<b>Total</b>		<b>1 033</b>	<b>926</b>	<b>107</b>

## 2.2 Employment changes

The turnover rate was approximately 2.5%, which is slightly higher than the previous financial year (2.34%). Most terminations were as a result of resignations with the same number of retirements and dismissals, and most were from staff at Administrative Officer level. The number of positions filled at the end of the year under review was slightly lower than that of the previous year.

As illustrated in the table below, the Electoral Commission appointed 13 new employees in the period under review, while there were 26 terminations as a result of resignations, dismissals, retirements or deaths during the period under review.

**Table 26: Staff movement during the period under review**

Salary band	Employment at the beginning of the period	Appointments	Promotions	Demotions	Terminations	Employment at the end of the period
Top management	4	0	1	0	2	2
Senior management	37	0	0	0	0	37
Professional qualified	771	13	5	0	22	762
Skilled	60	0	6	0	0	60
Semi-skilled	17	0	0	0	2	15
Unskilled	50	0	0	0	0	50
<b>Total</b>	<b>939</b>	<b>13</b>	<b>12</b>	<b>0</b>	<b>26</b>	<b>926</b>

**Table 27: Reasons for staff leaving**

Reason	Number	Percentage of total number of staff terminations
Death	3	12%
Resignation	9	35%
Dismissal	5	19%
Retirement	6	23%
Ill-health	3	12%
Expiry of contract	0	0%
Other	0	0%
<b>Total</b>	<b>26</b>	<b>100%</b>

**Table 28: Staff movement according to rank**

Rank/level	Recruited	Promoted	Demoted	Termination
CEO	0	0	0	0
DCEO	0	1	0	1
Senior Manager/PEO	0	0	0	1
Manager	1	1	0	2
Deputy Manager	0	0	0	0
Assistant Manager	0	0	0	5
Senior Administrative Officer	1	3	0	4
Administrative Officer	2	1	0	11
Assistant Administrative Officer	2	0	0	0
Senior/Administrative Clerk	7	6	0	0
Messenger/Housekeeper/Driver	0	0	0	2
Cleaner	0	0	0	0
<b>Total</b>	<b>13</b>	<b>12</b>	<b>0</b>	<b>26</b>

**Table 29: Staff resignations for 2015/16 to 2017/18**

Year	Number of resignations	Percentage
2015/16	14	1.36%
2016/17	9	0.87%
2017/18	9	0.87%

**Table 30: Wellness sessions held from 2015/16 to 2017/18**

Year	Number of sessions
2015/16	11
2016/17	5
2017/18	7

The average number of sick leave days taken and the inherent costs are reflected below, together with the comparative figures for the previous two financial years.

**Table 31: Sick leave absenteeism for 2015/16 to 2017/18**

Year	Total number of sick leave days taken	Estimated cost	Number of employees who took 15 consecutive days
2015/16	3 152 days	R5 490 077.52	43
2016/17	3 992 days	R7 668 211.84	65
2017/18	4 353 days	R8 897 250.96	15

**Table 32: Special sick leave absenteeism for 2015/16 to 2017/18**

Year	Total number of special sick leave days taken	Estimated cost	Number of employees who took special sick leave
2015/16	1 290 days	R2 531 098.56	20
2016/17	1 043 days	R1 807 518.16	16
2017/18	870 days	R 1 748 366.56	18

**Table 33: Average sick leave taken according to rank**

Rank/level	Average days
CEO	0.00
DCEO	8.00
Senior Manager	5.21
Manager	4.35
Deputy Manager	5.44
Assistant Manager	4.26
Senior Administrative Officer	5.31
Administrative Officer	4.69
Assistant Administrative Officer	6.32
Senior/Administrative Clerk	5.34
Messenger/Housekeeper/Driver	4.53
Cleaners	1.9

**Table 34: Employee deaths during the period under review**

Office	Name	Date of death
Western Cape	Esmond Malcolm Fortuin	22 July 2017
Free State	Lehlohonolo Elias Ramotsoane	13 February 2018
Limpopo	Sunnyboy Mogopo Mathebela	30 March 2018

**Table 35: Average age of the deceased for 2015/16 to 2017/18**

Year	Number of deaths	Average age of deceased
2015/16	3	50.67
2016/17	2	50.50
2017/18	3	52.33

## 2.3 Labour relations

Formal disciplinary action was taken against nine employees for various acts of misconduct, including, among others, contravention of financial directives, prejudicing the administration, and/or misconduct. During the period under review, eight cases were finalised, while one formal case is still pending finalisation.

Nine cases were referred to the CCMA by either the recognised trade union and/or employees for various reasons. Three of those were from NEHAWU, as set out below. Six cases were finalised, of which five were found in favour of the Electoral Commission and one in favour of the employee. Three cases are pending finalisation.

**Table 36: CCMA disputes**

Nature of dispute	Number of employees
<b>Section 186(2)(a): Unfair conduct – promotion/demotion/probation/training/benefits (NEHAWU)</b>	2
<b>Section 191(1): Dismissal related to misconduct</b>	3
<b>Section 191(5)(a)(iii): Reason for dismissal unknown</b>	2
<b>Section 64(4): Unilateral changes to terms and conditions of service (NEHAWU)</b>	1
<b>Section 74(1), [74(4)] – Essential services disputes (NEHAWU)</b>	1
<b>Total</b>	<b>9</b>

As illustrated in the table below, the trend of matters referred to the CCMA by either the recognised trade union and/or employees against the Electoral Commission decreased significantly in the period under review.

**Table 37: Disputes referred to the CCMA for 2015/16 to 2017/18**

Referred	Number of cases
<b>2015/16</b>	15
<b>2016/17</b>	28
<b>2017/18</b>	9

The Electoral Commission committed itself to complying with the Employment Equity Act (Act No. 55 of 1998). In this regard, vacancies are filled as far as possible in accordance with numerical targets and representivity per level.

**Table 38: Employment equity targets among male staff members for the period under review**

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
<b>Top management</b>	1	2	0	0	0	0	0	0
<b>Senior management</b>	10	11	5	6	2	2	3	5
<b>Professional qualified</b>	300	60	23	7	9	4	10	4
<b>Skilled</b>	15	414	1	53	1	17	1	55
<b>Semi-skilled</b>	5	8	1	1	0	1	0	1
<b>Unskilled</b>	2	4	0	1	0	0	0	0
<b>Total</b>	<b>333</b>	<b>499</b>	<b>30</b>	<b>68</b>	<b>12</b>	<b>24</b>	<b>14</b>	<b>65</b>

**Table 39: Employment equity targets among female staff members for the period under review**

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	1
Senior Management	11	12	1	1	2	1	3	3
Professional qualified	330	40	43	5	7	3	38	15
Skilled	33	349	6	48	1	10	0	43
Semi-skilled	9	9	0	4	0	1	0	1
Unskilled	46	49	2	1	0	1	0	0
<b>Total</b>	<b>430</b>	<b>460</b>	<b>52</b>	<b>59</b>	<b>10</b>	<b>16</b>	<b>41</b>	<b>63</b>

**Table 40: Representivity in terms of employment equity per level**

Rank/level	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
CEO/DCEO	1	0	0	0	1	0	0	0
Senior Manager	6	2	0	6	4	0	2	0
Manager	4	3	2	3	7	1	0	3
Deputy Manager	15	1	0	2	7	0	2	5
Assistant Manager	44	3	4	1	27	5	1	9
Senior Administrative Officer	54	2	2	3	63	5	2	8
Administrative Officer	185	16	3	4	213	32	2	15
Assistant Administrative Officer	2	1	0	0	20	1	0	1
Senior/Administrative Clerk	15	1	1	1	33	6	1	0
Messenger/ Housekeeper/ Driver	5	1	0	0	9	0	0	0
Cleaner	2	0	0	0	46	2	0	0
<b>Total</b>	<b>333</b>	<b>30</b>	<b>12</b>	<b>20</b>	<b>430</b>	<b>52</b>	<b>10</b>	<b>41</b>

**Table 41: Employment equity goals**

Period	Male				Female			
	African	Coloured	Indian	White	African	Coloured	Indian	White
Numerical goals (until the end of September 2012)	348	52	17	60	305	53	10	47
Numerical goals (until the end of September 2018)	524	77	27	79	500	67	18	71



Part A:  
General  
Information



Part B:  
Performance  
Information



Part C:  
Governance



Part D:  
Human Resource  
Management



Part E:  
Annual Financial  
Statements

# Part E: Annual Financial Statements



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# Report of the Auditor-General to Parliament on the Electoral Commission

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Electoral Commission set out on pages 71 to 105, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of actual and budget information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Electoral Commission as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the constitutional institution in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the constitutional institution at, and for the year ended, 31 March 2018.

### Irregular Expenditure

8. As disclosed in note 28 to the financial statements, the constitutional institution incurred irregular expenditure of R71 247 803, due to non-compliance with the procurement process and entity specific legislation.

### Responsibilities of the Accounting Officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the SA Standards of GRAP and the requirements of PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the Electoral Commission's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the constitutional institution or to cease operations, or there is no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

11. My 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 my 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.



12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the constitutional institution. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the constitutional institution for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
<b>Programme 2: Electoral Operations</b>	26–38
<b>Programme 3: Outreach</b>	39–46

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. The material finding in respect of the usefulness of the selected programme is as follows:

### Programme 2 – Electoral Operations

#### Indicator 2.2.2: Reduction in number of registered voters who appeared on the voters' roll with no addresses or sufficient particularities

18. The planned indicator is to reduce the number of voters appearing on the voters roll as at 31 March 2016 with no addresses or sufficient particularities. However, the method of calculating the achievement for this indicator is not clearly defined.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
- Programme 3: Outreach

#### Other Matters

20. I draw attention to the matters below.

#### Achievement of planned targets

21. Refer to the annual performance report on pages 11 to 46 for information on the achievement of planned targets for the year and explanations provided for the over/under achievements of targets.

#### Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Electoral Operations. As management subsequently corrected only some of the misstatements, I raised a material finding on the usefulness of the reported performance information.

## Report on audit of compliance with legislation

### Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the constitutional institution with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislations are as follows:

#### Procurement and contract management

25. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the constitutional institution, as required by treasury regulations 16A6.2 (b) and (c).



## Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes commissioner's report, chief electoral officer's report and audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, and reported performance

information and compliance with applicable legislation. However, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the Annual Performance Report and the findings on compliance with legislation included in this report.

## Leadership

31. The constitutional institution developed an action plan to address internal and external audit findings, and the action plan is being implemented and monitored by management. However, to address recurring issues management should as part of the monitoring tools ensure that the implementation of the plan address the root causes that resulted to findings.

## Financial and performance management

32. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored. Frequent update of the supply chain management policy to align it to changes in SCM prescripts must be performed, including providing the necessary update on the changes to officials involved in the SCM process.
33. The Electoral Commission should improve the review process of developed indicators to ensure that they fully comply with the framework for managing programme performance information by having a clear indication of how targets will be measured.

*Auditor-General*

**Pretoria**  
**31 July 2018**





## Annexure – Auditor’s responsibility for the audit

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the constitutional institution’s compliance with respect to the selected subject matters.

### Financial statements

34. In addition to our responsibility for the audit of the financial statements as described in the auditor’s report, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the constitutional institution’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.

- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Electoral Commission’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 about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause the constitutional institution 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.

### Communication with those charged with governance

35. We communicate with the accounting officer 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.
36. We also confirm to the accounting officer that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence, and where applicable, related safeguards.



## Electoral Commission Annual Financial Statements for the year ended 31 March 2018

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**The following supplementary information does not form part of the Annual Financial Statements and is unaudited:**

Annexure A: Unaudited Detailed Income and Expenditure Statement	106
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## Electoral Commission

### Report of the Accounting Officer for the year ended 31 March 2018

# Report of the Accounting Officer

## The Electoral Commission

The Electoral Commission is a constitutional institution established in terms of section 181(1)(f) of the Constitution of the Republic of South Africa (Act 108 of 1996) to promote and safeguard representative democracy in South Africa. The Electoral Commission is publicly funded and accountable to Parliament, yet independent of government. Its core function is the impartial management of free and fair elections in all spheres of government.

The Accounting Officer has the pleasure of presenting this report, which forms part of the audited Annual Financial Statements of the Electoral Commission for the year ended 31 March 2018. This report and the Annual Financial Statements comply with the requirements of the Public Finance Management Act, Act 1 of 1999, and the Electoral Commission Act, Act 51 of 1996.

The Accounting Officer of the Electoral Commission is the Chief Electoral Officer in terms of section 36(2)(b) of PFMA.

## Nature of business

The nature of the Electoral Commission's business is to manage the elections of national, provincial and municipal legislative bodies in accordance with national legislation, to ensure that those elections are free and fair, and to declare the results of those elections within a period that is prescribed by national legislation and that is as short as reasonably possible.

The Electoral Commission also has a mandate to promote knowledge of sound and democratic electoral processes.

## Registration details

The registered office of the Electoral Commission is Election House, Riverside Office Park, 1303 Heuwel Avenue, Centurion, Gauteng.

## Financial highlights

The Electoral Commission received R1 299 912 000 (page 72) for the year under review by way of parliamentary allocations, and sundry revenue of R17 339 164 (page 72), comprising mainly interest earned, bringing the Electoral Commission's total revenue to R1 317 251 164.

All funds have been accounted for and are disclosed in the Annual Financial Statements.

## Tariffs

Treasury Regulations 7.3.1 and 7.3.2 state that the Accounting Officer of an institution must review, at least annually when finalising the budget, all fees, charges or the rates, scales or tariffs of fees and charges that are not fixed or cannot be fixed by any law and that relate to revenue accruing to a revenue fund. The Accounting Officer must obtain approval from the relevant treasury for the proposed tariff structure. Tariffs were reviewed and, in an effort to enhance the activities of political parties and members of the general public, the Electoral Commission has determined the following prices, the basis of which was approved by National Treasury.

Prices of map products not statutorily provided for				
Size	Electronic image in PDF	Printed copies	Size	Lamination price
A4	R10.00	R15.00	A4	R60.00 per film run irrespective of the number of A4 pages
A3	N/A	N/A	A3	R60.00 per film run irrespective of the number of A3 pages
A2	R60.00	R75.00	A2	R60.00 per film run irrespective of the number of A2 pages
A1	R105.00	R120.00	A1	R60.00
A0	R160.00	R180.00	A0	R120.00

Maps are provided to political parties and members of the general public only when the Electoral Commission is able to do so without negatively impacting on its own mapping requirements and activities.

In addition, the following services are provided via its website free of charge:

- Am I registered to vote?
- Voting station finder
- Election and by-election results data
- Registration status, level and contact details of political parties
- Online Address Capture
- Online Candidate Nomination System



## Electoral Commission

### Report of the Accounting Officer for the year ended 31 March 2018

#### Material losses through criminal conduct, and irregular, fruitless and wasteful expenditure

Section 40(3)(b) of PFMA requires the Electoral Commission to include in the Annual Report particulars of any material losses through criminal conduct, any irregular expenditure, as well as fruitless and wasteful expenditure that occurred during the financial year.

Irregular expenditure amounting to R71 247 803 was incurred in the financial year and is reflected in Note 28 of the Annual Financial Statements. Of this, R40 279 756 is the current year expenditure in relation to the Riverside Office Park transaction. Following the report of the Public Protector, and the forensic audit commissioned by National Treasury in December 2014, members of the Commission approached the High Court to set aside the Riverside Office Park lease agreement. The Court dismissed the application in July 2017, resulting in the Electoral Commission remaining in the premises for the remainder of the contract period. Payments relating to the Riverside Office Park lease are classified as irregular expenditure. National Treasury has condoned the related expenditure.

Fruitless and wasteful expenditure amounting to R1 292 454 was reported in the current financial year and is reflected in Note 29 of the Annual Financial Statements. Of this, R1 100 745 was incurred in the previous financial year and identified in the current financial year. The expenditure relates mainly to the misuse of a petrol card, which was investigated with corrective action being taken in the form of a dismissal. Criminal charges were instituted to prevent recurrence. The case has also been reported to the South African Police Service. The balance of the expenditure relating to late payments will be investigated to determine whether it will be economical to recover it. Steps have been taken to prevent recurrence.

#### Corporate governance

Various sections of PFMA place responsibility on the Accounting Officer to ensure that the organisation complies with all applicable legislation. Any non-compliance with legislation is reported to the Executive Committee (EXCO) and the Commission.

The Accounting Officer has the responsibility for establishing a framework of internal control, including the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the Annual Financial Statements, thus ensuring that they are free from material misstatement. The control measures are also designed to provide cost-effective assurance that assets are safeguarded, and that liabilities and working capital are efficiently managed. Internal controls were

operated effectively during the year. Where necessary, continued enhancements are effected.

The Accounting Officer is also responsible for maintaining adequate accounting records and an effective system of risk management.

The Accounting Officer is responsible for the preparation and fair presentation of the Electoral Commission's Annual Financial Statements. These statements comprise the following:

- a) Statement of Financial Position as at 31 March 2018
- b) Statement of Financial Performance for the year ended 31 March 2018
- c) Statement of Changes in Net Assets for the year ended 31 March 2018
- d) Cash Flow Statement for the year ended 31 March 2018
- e) Comparison of Actual and Budgeted Expenditure for the year ended 31 March 2018
- f) Accounting policies and notes to the Annual Financial Statements

The financial statements are prepared in accordance with the South African Standards of GRAP, issued by the Accounting Standards Board. The Auditor-General is responsible for reporting on whether the Annual Financial Statements are fairly presented in accordance with the applicable financial reporting framework.

#### Going concern

The Electoral Commission is funded by National Treasury via a vote of the Department of Home Affairs. Funding is secured over a three-year cycle in terms of the Medium-term Expenditure Framework (MTEF). The Annual Financial Statements have thus been prepared on the going-concern basis.

#### Approval of the Annual Financial Statements

The Annual Financial Statements of the Electoral Commission, set out on pages 71 to 105, have been approved by the Accounting Officer.

**Phatudi Simon Mamabolo**  
Chief Electoral Officer



**Electoral Commission**  
**Statement of Financial Position as at 31 March 2018**

# Statement of Financial Position

31 July 2018

	Note	31 March 2018 R	31 March 2017 R
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3, 4	129 966 145	14 078 042
Trade and other receivables from exchange transactions	3, 5	32 453 279	22 352 490
Inventories	6	9 041 130	11 911 915
		<b>171 460 554</b>	<b>48 342 447</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	144 193 204	197 705 422
Heritage assets	8	1 664 421	1 663 664
Intangible assets	9	81 494 700	94 809 947
		<b>227 352 325</b>	<b>294 179 033</b>
<b>Total assets</b>		<b>398 812 879</b>	<b>342 521 480</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	3, 10	137 238 647	102 690 693
Short-term portion of operating lease liability	11	3 507 825	1 315 124
Provisions	12	2 101 808	1 723 509
		<b>142 848 280</b>	<b>105 729 326</b>
<b>Non-current liabilities</b>			
Operating lease liability	11	38 944 549	41 219 393
		<b>38 944 549</b>	<b>41 219 393</b>
<b>Total liabilities</b>		<b>181 792 829</b>	<b>146 948 719</b>
<b>Net assets</b>			
Accumulated surplus		217 020 050	195 572 761
<b>Total liabilities and net assets</b>		<b>398 812 879</b>	<b>342 521 480</b>



**Electoral Commission**  
**Statement of Financial Performance for the year ended 31 March 2018**

# Statement of Financial Performance

	Note	31 March 2018 R	Restated* 31 March 2017 R
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
Parliamentary allocation	13	1 301 989 670	1 685 867 568
Lease revenue and sponsorship	33	1 299 912 000	1 657 901 000
		2 077 670	*27 966 568
<b>Revenue from exchange transactions</b>			
Political party registration fees	14	15 261 494	16 697 781
Investment revenue		21 100	25 000
Other operating revenue	14.1	14 704 617	16 292 438
		535 777	380 343
<b>Total revenue</b>		<b>1 317 251 164</b>	<b>1 702 565 349</b>
<b>Expenditure</b>			
Employee-related costs	15	(1 295 625 683)	(2 013 921 046)
Goods and services	16, 33	(638 818 352)	(755 714 847)
Depreciation, amortisation and impairment	17	(483 281 699)	(1 091 397 101)
Audit fees	18	(72 661 237)	(67 990 846)
Lease rental costs	19	(6 841 651)	(7 246 252)
Finance costs	20	(93 744 745)	(91 463 313)
Debt impairment	21	(14 629)	(9 951)
		(263 370)	(98 736)
<b>Total expenditure</b>		<b>(1 295 625 683)</b>	<b>(2 013 921 046)</b>
Deficit on disposal of assets	22	(178 185)	(146 956)
<b>Surplus/(deficit) for the year</b>		<b>21 447 296</b>	<b>(311 502 653)</b>

\* Lease revenue and sponsorship income was restated in the prior year to recognise revenue from non-exchange transactions in terms of GRAP 23 for voting stations received at no cost. The restatement is detailed in Note 33.



**Electoral Commission**  
**Statement of Changes in Net Assets for the year ended 31 March 2018**

# Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
<b>Balance at 1 April 2016</b>	<b>507 075 407</b>	<b>507 075 407</b>
(Deficit) for the year	(311 502 653)	(311 502 653)
<b>Balance at 1 April 2017</b>	<b>195 572 754</b>	<b>195 572 754</b>
Surplus/(deficit) for the year	21 447 296	21 447 296
<b>Balance at 31 March 2018</b>	<b>217 020 050</b>	<b>217 020 050</b>



**Electoral Commission**  
**Cash Flow Statement for the year ended 31 March 2018**

# Cash Flow Statement

	Note	31 March 2018 R	31 March 2017 R
<b>Cash flows from operating activities</b>			
<b>Cash receipts from customers</b>			
Parliamentary allocation received		1 299 912 000	1 657 901 000
Sponsorship revenue received		–	24 254 925
Investment revenue received		14 574 416	16 702 454
Receipts from sale of goods and services		556 877	405 343
<b>Cash paid to suppliers and employees</b>			
Cash payments to employees		(550 406 746)	(752 705 240)
Interest payments		(13 687)	(9 951)
Cash payments to suppliers		(642 722 041)	(1 230 806 098)
<b>Net cash flows from operating activities</b>	23	<b>121 900 819</b>	<b>(284 257 567)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1 748 776)	(23 262 182)
Purchase of intangible assets	9	(4 938 799)	(19 799 077)
Purchase of heritage assets	8	(1 529)	–
Proceeds from sale of property, plant and equipment	22	676 388	395 288
<b>Net increase in cash and cash equivalents</b>		<b>115 888 103</b>	<b>(326 923 538)</b>
Cash and cash equivalents at the beginning of the year		14 078 042	341 001 580
<b>Cash and cash equivalents at the end of the year</b>	3, 4	<b>129 966 145</b>	<b>14 078 042</b>



## Electoral Commission

## Comparison of Actual and Budgeted Expenditure for the year ended 31 March 2018

# Comparison of Actual and Budgeted Expenditure

Note	31 March 2018 R	31 March 2018 R	31 March 2018 R
	Adjusted budget (Estimates of National Expenditure published by National Treasury January 2018)	Actual as per the Statement of Financial Performance	Variance
<b>Revenue</b>			
<b>Revenue from non-exchange transactions</b>			
	<b>1 299 912 000</b>	<b>1 301 989 670</b>	<b>2 077 670</b>
Parliamentary allocation	1 299 912 000	1 299 912 000	–
Lease revenue and sponsorship	–	2 077 670	2 077 670
<b>Revenue from exchange transactions</b>			
	<b>10 000 000</b>	<b>15 261 494</b>	<b>5 261 494</b>
Political party registration fees	–	21 100	21 100
Investment revenue	10 000 000	14 704 617	4 704 617
Other operating revenue	–	535 777	535 777
<b>Total revenue</b>	<b>1 309 912 000</b>	<b>1 317 251 164</b>	<b>7 339 164</b>
32			
<b>Expenditure</b>			
	<b>(1 353 138 788)</b>	<b>(1 295 625 683)</b>	<b>57 513 105</b>
Employee-related costs	(678 144 367)	(638 818 352)	39 326 015
Goods and services	(604 464 583)	(584 146 094)	20 318 489
Depreciation, amortisation and impairment	(70 529 838)	(72 661 237)	(2 131 399)
<b>Total expenditure</b>	<b>(1 353 138 788)</b>	<b>(1 295 625 683)</b>	<b>57 513 105</b>
(Deficit) on disposal of assets	–	(178 185)	(178 185)
<b>Surplus/(deficit) for the year</b>	<b>(43 226 788)</b>	<b>21 447 296</b>	<b>64 674 084</b>
32			



## Electoral Commission Accounting policies for the year ended 31 March 2018

# Accounting policies

## 1. Presentation of Annual Financial Statements

### **Basis of preparation**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified. A summary of the significant accounting policies, which have been consistently applied, except where an exemption or transitional provision has been granted, is disclosed below.

### **Statement of compliance**

The Annual Financial Statements have been prepared in accordance with the effective Standards of GRAP, including any interpretations and directives issued by the Accounting Practices Board.

The financial statements encompass the reporting as specified in PFMA.

### **Going-concern assumption**

The financial statements have been prepared on a going-concern basis. The Electoral Commission is fully dependent on the state for funding.

### **Comparative figures**

When the presentation or classification of items in the Annual Financial Statements is amended, prior-period comparative amounts are restated, unless a Standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior-year comparatives are restated accordingly.

### **Functional and presentation currency**

The financial statements are presented in South African rand, which is the Electoral Commission's functional currency. All information has been rounded off to the nearest rand.

### **Budgetary information**

The budget and the accounting bases differ. The financial statements for the Electoral Commission are prepared on the accrual basis, using a classification based on the nature

of expenses in the Statement of Financial Performance. The budget is approved on the accrual basis. Reasons for variances between actual and budgeted amounts are provided for in Note 32.

### **Offsetting**

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

### **New standards and amendments to existing standards adopted**

During the current financial year, there were no new GRAP Standards that became effective and were adopted.

### **1.1 Significant judgments and sources of estimation uncertainty**

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Annual Financial Statements.

Significant estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgments include the following:

#### **Trade and other receivables**

The Electoral Commission assesses its trade receivables and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the Electoral Commission makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade and other receivables is calculated on a portfolio basis and all debts over three months old, where payments are not being received, are impaired.

#### **Impairment and useful life review of property, plant and equipment, and intangible assets**

The Electoral Commission determines the estimated useful lives and related depreciation/amortisation charges for property, plant and equipment, and intangible assets. This estimate is based on the condition and use of the individual assets in order to determine the remaining period over which the asset can and will be used. The impairment of assets is estimated in line with Accounting Policy 1.16.

## Electoral Commission Accounting policies for the year ended 31 March 2018

### Provisions

The Electoral Commission assesses its provisions at each reporting date in determining whether an adjustment should be recorded in surplus or deficit.

### 1.2 Financial instruments

The Commission's financial assets comprise trade and other receivables from exchange transactions, and cash and cash equivalents. Financial assets are categorised, according to their nature, as either financial assets at fair value, financial assets at amortised cost or financial assets at cost.

The Commission's financial liabilities comprise trade and other payables from exchange transactions. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### Initial recognition

Financial assets and liabilities are only recognised in the Statement of Financial Position when the Electoral Commission becomes a party to the contractual provisions of the instrument. The Electoral Commission recognises financial assets using trade date accounting.

#### Measurement

When a financial asset or financial liability is initially recognised, the Electoral Commission measures it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, financial assets and liabilities are measured as described below.

#### Trade and other receivables from exchange transactions

Trade and other receivables from exchange transactions originated by the Electoral Commission and classified as financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

At the end of each reporting period, the carrying amount of trade and other receivables is reviewed to determine whether there is any objective evidence that an impairment loss has occurred. If there is objective evidence that an impairment loss has been incurred, for example, a default on payment arrangements or a delinquent debtor, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss

is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account, and the amount of the gain or loss is recognised in the Statement of Financial Performance.

#### Cash and cash equivalents

Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For purposes of the Cash Flow Statement, as well as the Statement of Financial Position, cash and cash equivalents comprise cash on hand and other short-term investments. Cash and cash equivalents are measured at amortised cost.

#### Trade and other payables from exchange transactions

Trade and other payables from exchange transactions are subsequently measured at amortised cost, using the effective interest method.

The Electoral Commission's trade and other payables from exchange transactions relate to amounts owed to suppliers.

#### Derecognition of financial instruments

Financial assets are derecognised when the Electoral Commission loses control of the contractual rights that comprise the financial assets. The Electoral Commission loses control if the right to benefits specified in the contract are realised, the rights expire or the Electoral Commission surrenders those rights.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

#### Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the Statement of Financial Position when and only when the Electoral Commission:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 1.3 Inventories

Inventories are initially measured at cost. Inventories shall be recognised as an asset if, and only if:

## Electoral Commission Accounting policies for the year ended 31 March 2018

- it is probable that future economic benefits or service potential associated with the line item will flow to the entity; and
- the cost of the inventories can be measured reliably.

Stock of electoral and promotional items is subsequently measured at the lower of cost and current replacement cost where they are held for distribution at no charge. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Consumable stores are subsequently measured at the lower of cost and net realisable value. Net realisable value is the estimated value in use in the ordinary course of business, less the estimated costs of completion. Net realisable value for consumables is assumed to approximate the cost price due to the relatively short period that these assets are held in stock.

When inventories are sold, exchanged or distributed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one financial period.

An item of property, plant and equipment is recognised as an asset if it is probable that economic benefits or service potential associated with the item will flow to the Electoral Commission and the cost can be measured reliably. Property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Elements of cost include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the obligation that the Electoral Commission incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Property, plant and equipment are stated in the Statement of Financial Position at cost less any subsequent accumulated depreciation and impairment losses. These assets are depreciated on the straight-line basis at rates that will result in each asset being written off over its useful life. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimate of the useful life of an asset is a matter of judgement, based on the Electoral Commission's experience with similar assets. The expected useful lives assigned to the assets in their respective asset classes upon initial recognition are reviewed on an annual basis.

The estimated useful lives of property, plant and equipment upon initial recognition are as follows:

Class	Estimated useful life in years
<b>Pre-fabricated buildings</b>	10–30 years
<b>Furniture and fittings</b>	8–15 years
<b>Motor vehicles</b>	5 years
<b>Office machines and equipment</b>	5–10 years
<b>Computer equipment</b>	3–20 years
<b>Scanners (zip-zips)</b>	10 years
<b>Cell phones</b>	3 years
<b>Appliances</b>	5–10 years

Notwithstanding the above estimates, the useful life of each newly acquired asset is considered on capitalisation of the asset. Should it seemingly differ with the above guidelines, a more reliable useful life is assigned.

In assessing the useful life of an asset, the following factors may be considered:

- The period that the Electoral Commission expects to gain service potential from the asset
- The ability to re-deploy the asset within the Electoral Commission over time
- Whether the asset has been acquired for a specific project or purpose
- The past experience of similar assets in use and the appropriateness of this given the technology embedded in the asset
- Any assessment performed by an independent advisor on the condition of the asset or its expected life expectancy
- The opinion of the user or relevant expert about the asset's "useful life"
- The repairs and maintenance practice of the Electoral Commission in assessing the useful life of an asset



## Electoral Commission Accounting policies for the year ended 31 March 2018

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leasehold improvements are capitalised, as the Electoral Commission controls the assets for the period of the lease. Leasehold improvements are depreciated over the shorter of the lease term and the assets' useful lives.

The Electoral Commission reviews the useful lives, residual values and depreciation methods of items of property, plant and equipment at least annually. Where expectations differ from previous estimates, the change(s) are accounted for as a change in accounting estimate. The review of assets' useful lives may, or may not, result in useful lives that differ with the estimates per asset class assigned upon initial recognition.

### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Electoral Commission and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is recognised.

### 1.5 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the Electoral Commission; and
- the cost or fair value of the asset can be measured reliably

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The cost of a purchased heritage asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Directly attributable expenditure includes, for example, costs initially incurred to acquire and assess the state of the heritage asset, costs to restore it, costs initially incurred to remove it or restore the site where it was located, professional fees, property transfer taxes, initial delivery and handling costs, installation and assembly costs, and other transaction costs.

After recognition as an asset, a heritage asset is not depreciated and is carried at cost less accumulated impairment losses.

The Electoral Commission will assess at each reporting date whether there is an indication that heritage assets may be impaired. If any such indication exists, the Electoral Commission shall estimate the recoverable amount or the recoverable service amount of the heritage asset. In assessing whether there is an indication that an asset may be impaired, the Electoral Commission shall consider, as a minimum, the following indications:

External sources of information:

- During the period, a heritage asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- The absence of an active market for a revalued heritage asset.

Internal sources of information:

- Evidence is available of physical damage or deterioration of a heritage asset.
- A decision to halt the construction of the heritage asset before it is complete or in a usable form.

Compensation from third parties for heritage assets that have been impaired, lost or given up shall be included in surplus or deficit when the compensation becomes receivable.

Transfers from heritage assets shall be made when, and only when, the particular asset no longer meets the definition of a heritage asset.

The carrying amount of a heritage asset shall be derecognised:

- upon disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

## Electoral Commission

### Accounting policies for the year ended 31 March 2018

The gain or loss arising from derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Information about assets that might be regarded as a heritage asset, but which, on initial recognition, do not meet the recognition criteria of heritage assets because they cannot be reliably measured, are disclosed in the Notes to the Annual Financial Statements when applicable.

#### 1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition shall be measured at its fair value as at that date.

The cost of an intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Directly attributable expenditure includes, for example, professional fees, initial delivery and handling costs, installation and assembly costs, and other transaction costs.

#### Acquired intangible assets

Intangible assets are recognised when it is probable that future economic benefits specifically attributable to the assets will flow to the Electoral Commission and the cost of the intangible assets can be measured reliably. Intangible assets are stated at cost less any accumulated amortisation and impairment losses.

#### Internally generated intangible assets

Internally generated intangible assets arising from the development phase of internal projects are recognised when:

- the Electoral Commission has an intention to complete and use the intangible asset, and adequate technical, financial and other resources to complete the development are available;
- the intangible asset will generate probable future economic benefits or service potential; and
- the Electoral Commission is able to measure the expenditure attributable to the intangible asset reliably during its development.

Internally generated brands, mastheads, publishing titles, mobile apps, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives.

Item	Estimated useful life in years
Computer software	5–10 years

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

Intangible assets not ready for use are not amortised.

The carrying amount of an intangible asset shall be derecognised:

- upon disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

#### 1.7 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Electoral Commission directly in return for services rendered or goods sold, the value of which approximates the fair value of the consideration received or receivable.

When goods or services are exchanged or swapped for goods or services that are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Political party registration income is recognised on receipt.

Investment revenue comprises interest income upon invested funds. Interest income is recognised on a time-proportion basis using the effective interest method.

#### 1.8 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Electoral Commission receives



## Electoral Commission Accounting policies for the year ended 31 March 2018

revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions includes parliamentary allocations, sponsorship income and voting station rentals received at no cost from service providers.

Parliamentary allocations and sponsorship income are recognised when there is reasonable assurance that the Electoral Commission will comply with the conditions attached to them, and the allocation will be received.

Revenue is recognised when it is probable that future economic benefits will flow to the Electoral Commission and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable, and represents the amounts receivable for services provided in the normal course of business.

### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Electoral Commission. When, as a result of a non-exchange transaction, the Electoral Commission recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### 1.9 The effects of changes in foreign exchange rates

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction to the foreign currency amount.

Monetary items (i.e. cash and cash equivalents, trade receivables from exchange transactions, and trade and other payables from exchange transactions) are translated using the closing rate.

Non-monetary items (i.e. property, plant and equipment) are translated using the exchange rate either at the date that

the transaction occurred (when these items are carried at historical cost) or when fair value is determined (when these items are carried at revalued amounts).

Foreign currency differences arising from settlement or translation of monetary items are included in surplus or deficit, whereas any differences on translation of non-monetary items are included either in net assets (where any gains or losses on those items are recognised in net assets) or surplus or deficit.

### 1.10 Finance cost

Finance cost comprises the following:

- Interest expense on overdue accounts from service providers

All finance costs are recognised in surplus or deficit using the effective interest method.

### 1.11 Donor-funded projects

In terms of donor requirements contained in financial agreements with benefactors, unexpended donor funds ring-fenced for specific projects are reflected as current liabilities in circumstances where such funds are repayable to donors in the event of the funds not being utilised on the specific project.

Unexpended donor funds that are not required to be repaid and that relate to completed projects are treated as operating income in the year that the projects are deemed completed.

### 1.12 Taxation

No provision is made for taxation as the Electoral Commission is exempt from tax in terms of Section 10(1) (cA) of the Income Tax Act.

The Electoral Commission is not registered for VAT.

### 1.13 Segment reporting

A segment is an activity of an organisation:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same organisation);
- the results of which are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The Electoral Commission is organised in geographical areas and has a national office, nine provincial offices, 10 warehouses and 213 local offices. All services to voters



## Electoral Commission Accounting policies for the year ended 31 March 2018

and potential voters are delivered at all provincial and local offices. The national office is responsible for strategic and support services.

### 1.14 Leases

#### **Operating leases as the lessee**

Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases:

- (a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
  - not later than one year;
  - later than one year and not later than five years; and
  - later than five years.
- (b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the reporting date.
- (c) Lease and sublease payments recognised in the Statement of Financial Performance in the period, with separate amounts for minimum lease payments, contingent rents and sublease payments.
- (d) A general description of the lessee's significant leasing arrangements including, but not limited to, the following:
  - The basis on which contingent rent payable is determined.
  - The existence and terms of renewal or purchase options and escalation clauses.
  - Restrictions imposed by lease arrangements, such as those concerning return of surplus, return of capital contributions, dividends or similar distributions, additional debt and further leasing.

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

### 1.15 Employee benefit cost

#### **Short-term employee benefits**

Short-term employee benefits are measured on an undiscounted basis and are recognised in the Statement of Financial Performance in the reporting period that the related service is delivered.

#### **Termination benefits**

Termination benefits are recognised as an expense when the Electoral Commission is demonstrably committed, without the realistic possibility of withdrawal, to a formal detailed plan either

to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Electoral Commission has made an offer of voluntary redundancy, if it is probable that the offer will be accepted, and if the number of acceptances can be estimated reliably.

Lump sum payments on normal retirement or voluntary retirement are made in terms of section 8 of the Employment Regulations of the Electoral Commission and are provided for at year-end based on reasonable assumptions on the expectation of retirements in the next financial year.

#### **Retirement benefits – defined-contribution plans**

The Electoral Commission operates a defined-contribution plan which is a post-employment retirement plan under which the Electoral Commission pays fixed contributions into a separate entity (the Government Employees' Pension Fund (GEPF) and will have no legal or constructive obligation to pay further amounts.

The assets of the plans are held separately and administered by GEPF.

Payments to the defined-contribution plan are recognised as an expense as they fall due in the Statement of Financial Performance.

#### **Accrual for leave pay**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual based on the basic salary, after taking into account the estimated leave to be forfeited, is raised as a result of services rendered by employees up to the reporting date.

#### **Long-service awards**

Long-service awards are paid to employees who have reached five, 10 or 15 years of service with the Electoral Commission.

### 1.16 Impairment of assets

#### **Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return. The Electoral Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Electoral Commission estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of the fair value of an asset or cash-generating unit (CGU) less costs to sell and its value in use, and is determined for an individual asset,



## Electoral Commission Accounting policies for the year ended 31 March 2018

unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Electoral Commission estimates the recoverable amount of the asset or CGU. A previously recognised impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. The Electoral Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Electoral Commission estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. The Electoral Commission assesses, at each reporting date, whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Electoral Commission estimates the recoverable service

amount of that asset. An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset that is attributable to the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

### 1.17 Irregular expenditure

Irregular expenditure, as defined in section 1 of PFMA, is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including any one the following:

- PFMA
- The State Tender Board Act, Act No 86 of 1968, or any regulations made in terms of the Act
- Any provincial legislation providing for procurement procedures in that provincial government

National Treasury Practice Note No 4 of 2008/09, which was issued in terms of sections 76(1) to 76(4) of PFMA, requires that, from 1 April 2008, irregular expenditure that was incurred and identified during the current financial year and that was condoned before year-end and/or before finalisation of the financial statements, is recorded appropriately in the irregular expenditure register. In such an instance, no further action is taken, except that the note to the financial statements is updated.

All irregular expenditure is recognised in the Annual Financial Statements in the period in which it is incurred and disclosed separately.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and, where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and that was not condoned by National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person,



## Electoral Commission Accounting policies for the year ended 31 March 2018

a debt account is created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme or expenditure item, and is disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

All irregular expenditure is investigated. In instances where fraud, corruption or criminal activities have been identified, the necessary disciplinary procedures are implemented and civil and criminal cases will be made as appropriate. In other instances, the controls are reviewed and improved where necessary, and training interventions conducted.

### 1.18 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

The expenditure is accounted for as expenditure in the Statement of Financial Performance and is classified in accordance with the nature of the expense. Where recovered, it is accounted for as revenue in the Statement of Financial Performance.

### 1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; or
- expenditure not 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.

The expenditure is accounted for as expenditure in the Statement of Financial Performance and is classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.20 Provisions, commitments and contingencies

#### Provisions

A provision is a liability where the timing or amount of the outflow of resources embodying economic benefits or service potential is uncertain.

A provision is recognised when:

- the Electoral Commission has a present obligation (legal or constructive) as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the present obligation. The discount rate shall reflect current market assessments of the time value of money and risks specific to the liability.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is only used for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

#### Commitments

A commitment is an agreement between two or more parties that is binding on those parties to the degree that to renege on the agreement will be costly.

Commitments represent orders issued to suppliers that have been approved, but where no delivery has taken place as at year-end and according to contractual commitments.

Commitments are not recognised as liabilities or assets in the Statement of Financial Position, but are included in the disclosure notes.

The Electoral Commission discloses the amount of contractual commitments for the acquisition of property, plant and equipment, and intangible assets.

An onerous contract is a contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

The Electoral Commission has no onerous contracts.



## Electoral Commission Accounting policies for the year ended 31 March 2018

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are beyond the control of the Electoral Commission.

Alternatively, a contingent liability is a present obligation that arises from past events, but which 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 included in the disclosure note.

### Contingent assets

Contingent assets arise from unplanned or other unexpected events that are not wholly within the control of the Electoral Commission and give rise to the possibility of an inflow of economic benefits or service potential to the Electoral Commission. Contingent assets are not recognised.

#### 1.21 Related parties

Related-party transactions are transactions that involve the transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related-party relationships exist throughout the public sector for the following reasons:

- Constitutional institutions, departments and municipalities are subject to the overall direction of an executive government or council, and ultimately, Parliament, and operate together to achieve the policies of government.
- Constitutional institutions, departments and municipalities frequently conduct activities necessary for the achievement of different parts of their responsibilities and objectives through separate controlled entities, and through entities over which they have significant influence.

- Public entities enter into transactions with other government entities on a regular basis.
- Ministers, councillors or other elected or appointed members of the government and other members of management can exert significant influence over the operations of the Electoral Commission.

Implicit in the definition of a related party are other government entities and joint ventures that have a significant influence on the Electoral Commission and its activities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Electoral Commission directly or indirectly.

## 2. Effect of new Standards and Interpretations of GRAP

The following Standards and Interpretations of GRAP have been approved, but are not yet effective:

- GRAP 20: Related party disclosure
- GRAP 32: Service concession arrangement: Grantor
- GRAP 34: Separate financial statements
- GRAP 35: Consolidated financial statements
- GRAP 36: Investments in associates and joint ventures
- GRAP 37: Joint arrangements
- GRAP 38: Disclosure of interests in other entities
- GRAP 108 : Statutory receivables
- GRAP 109: Accounting by principals and agents
- GRAP 110: Living and non-living resources

The effective date for the above standards has not yet been determined.

The adoption of these Standards of GRAP, when they become effective, is not expected to have a significant impact on the financial statements. The Electoral Commission does not participate in the transactions covered by GRAP 32, 34, 35, 36, 37, 38, 108, 109 and 110.

The following approved Standard is being applied, but the effective date is yet to be determined by the Auditing Standards Board (ASB):

- GRAP 20: Related-party disclosure



## Electoral Commission

## Notes to the Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

Note	31 March 2018 R	31 March 2017 R
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**3. Financial assets and liabilities by category**

The accounting policies for financial instruments have been applied to the line items below.

**Financial assets recognised at amortised cost**

Accrued interest	5	130 201	36 682
Cash and cash equivalents	4	129 966 145	14 078 042
Cash collateral provided: Property rentals	5	14 004 030	12 634 488
Sundry receivables	5	1 181 621	1 696 462
		<b>145 281 997</b>	<b>28 445 674</b>

Financial assets are not pledged as collateral for liabilities or contingent liabilities.

**Financial liabilities recognised at amortised cost**

Trade and other payables	10	137 238 647	102 690 693
		<b>137 238 647</b>	<b>102 690 693</b>

**4. Cash and cash equivalents**

Cash on hand		209 839	216 914
Bank balances		21 268 753	7 740 153
Short-term notice deposits		108 487 553	6 120 975
		<b>129 966 145</b>	<b>14 078 042</b>

The notice deposits are carried at an effective floating interest rate that varied between 6.2% and 6.7% (2017: 6.65% and 10.05%).

No restrictions have been placed on the use of cash and cash equivalents for the operations of the Electoral Commission.

**5. Trade and other receivables from exchange transactions**

Accrued interest		130 201	36 682
Cash collateral provided: Property rentals		14 004 030	12 634 488
Prepayments	5.1	17 137 427	7 984 858
		1 181 621	1 696 462
Sundry receivables		1 961 641	2 380 845
Less: Impairment allowance		(780 020)	(684 383)
		<b>32 453 279</b>	<b>22 352 490</b>

## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

Note	31 March 2018 R	31 March 2017 R
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#### Trade and other receivables past due but not impaired

At 31 March 2018, all debt that was past due was impaired (2017: none).

#### Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R780 020 (2017: R684 383) were impaired and provided for. Factors taken into account when considering impairment included the age of the debt and the likelihood of recovery.

The ageing of impaired debts is as follows:

Not due	182 973	92 049
31–120 days past due	14 237	8 874
120–365 days past due	41 275	105 220
More than 365 days past due	541 535	478 240
	<b>780 020</b>	<b>684 383</b>

#### Reconciliation of allowance for impairment of trade and other receivables

Opening balance	684 383	1 938 208
Provision for impairment	249 230	-
Unused amounts reversed	-	(1 253 825)
Write-off	(153 593)	-
	<b>780 020</b>	<b>684 383</b>

The creation and release of the provision for impaired receivables have been included in operating expenses and surplus or deficit.

#### Trade and other receivables pledged as security

The Electoral Commission has not pledged any trade and other receivables as collateral.

#### 5.1 Prepayments

Administrative expenses	55 172	-
Software licences	16 996 729	7 880 833
Subscription and membership	85 526	104 025
	<b>17 137 427</b>	<b>7 984 858</b>

#### 6. Inventories

Consumable stores: Stationery	395 515	552 991
Promotional items	22 965	30 188
Electoral stock	8 622 650	11 328 736
	<b>9 041 130</b>	<b>11 911 915</b>

Electoral stock is stock that was acquired for the registration weekend and in preparation for elections, and includes items such as ballot boxes and security items.

Inventories are not pledged as security.

## Electoral Commission Notes to the Annual Financial Statements for the year ended 31 March 2018

### 7. Property, plant and equipment

(All figures in rand)

	31 March 2018			31 March 201		
	Cost	Accumulated depreciation and impairment losses	Carrying amount	Cost	Accumulated depreciation and impairment losses	Carrying amount
Appliances	4 924 704	(3 813 218)	<b>1 111 486</b>	4 966 218	(3 523 511)	<b>1 442 707</b>
Cell phones	535	(517)	<b>18</b>	535	(511)	<b>24</b>
Computer equipment	145 611 582	(104 237 498)	<b>41 374 084</b>	151 346 296	(100 105 035)	<b>51 241 261</b>
Furniture and fittings	74 357 880	(34 910 986)	<b>39 446 894</b>	74 796 564	(30 394 029)	<b>44 402 535</b>
Leasehold improvements	3 911 522	(2 529 795)	<b>1 381 727</b>	4 285 590	(2 364 513)	<b>1 921 077</b>
Motor vehicles	63 664 563	(31 724 773)	<b>31 939 790</b>	64 476 600	(28 686 478)	<b>35 790 122</b>
Office equipment	52 048 677	(35 853 036)	<b>16 195 641</b>	52 695 606	(32 834 114)	<b>19 861 492</b>
Pre-fabricated buildings	14 595 611	(1 883 991)	<b>12 711 620</b>	14 598 242	(1 376 250)	<b>13 221 992</b>
Scanners	181 998 791	(181 966 847)	<b>31 944</b>	181 998 791	(152 174 579)	<b>29 824 212</b>
<b>Total</b>	<b>541 113 865</b>	<b>(396 920 661)</b>	<b>144 193 204</b>	<b>549 164 442</b>	<b>(351 459 020)</b>	<b>197 705 422</b>

#### Reconciliation of property, plant and equipment – 31 March 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Closing balance
Appliances	1 442 707	59 230	(2 136)	(383 047)	(5 268)	<b>1 111 486</b>
Cell phones	24	–	–	(6)	–	<b>18</b>
Computer equipment	51 241 261	1 570	(21 834)	(9 792 521)	(54 392)	<b>41 374 084</b>
Furniture and fittings	44 402 535	6 018	(111 465)	(4 713 088)	(137 106)	<b>39 446 894</b>
Leasehold improvements	1 921 077	129 325	(320 518)	(348 157)	–	<b>1 381 727</b>
Motor vehicles	35 790 122	–	(378 677)	(3 471 655)	–	<b>31 939 790</b>
Office equipment	19 861 492	1 550 634	(19 942)	(5 169 911)	(26 632)	<b>16 195 641</b>
Pre-fabricated buildings	13 221 992	1 999	(1)	(512 284)	(86)	<b>12 711 620</b>
Scanners	29 824 212	–	–	(19 767 188)	(10 025 080)	<b>31 944</b>
<b>Total</b>	<b>197 705 422</b>	<b>1 748 776</b>	<b>(854 573)</b>	<b>(44 157 857)</b>	<b>(10 248 564)</b>	<b>144 193 204</b>

There are no restrictions on title and disposal of property, plant and equipment. Property, plant and equipment are not pledged as securities for liabilities. Asset condition and technological obsolescence were taken into consideration when determining whether the asset should be impaired. Included in the disposal is an amount of R21 263 donated to various schools and NGOs. Scanners have been impaired as they will be replaced in the 2018/19 financial year.

#### Reconciliation of property, plant and equipment – 31 March 2017

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Closing balance
Appliances	1 843 030	40 475	(3 907)	(416 421)	(20 470)	<b>1 442 707</b>
Cell phones	34	–	–	(10)	–	<b>24</b>
Computer equipment	57 681 544	6 388 218	(65 649)	(12 504 480)	(258 372)	<b>51 241 261</b>
Furniture and fittings	47 688 257	1 646 395	(20 538)	(4 776 935)	(134 644)	<b>44 402 535</b>
Leasehold improvements	2 101 239	296 036	(2 890)	(472 685)	(623)	<b>1 921 077</b>
Motor vehicles	40 794 297	196 296	(424 783)	(4 775 688)	–	<b>35 790 122</b>
Office equipment	14 147 769	11 489 536	(24 476)	(5 624 954)	(126 383)	<b>19 861 492</b>
Pre-fabricated buildings	10 485 166	3 195 068	–	(456 575)	(1 667)	<b>13 221 992</b>
Scanners	49 574 494	10 158	–	(19 760 440)	–	<b>29 824 212</b>
<b>Total</b>	<b>224 315 830</b>	<b>23 262 182</b>	<b>(542 243)</b>	<b>(48 788 188)</b>	<b>(542 159)</b>	<b>197 705 422</b>



## Electoral Commission Notes to the Annual Financial Statements for the year ended 31 March 2018

### 8. Heritage assets

(All figures in rand)

	31 March 2018			31 March 2017		
	Cost	Accumulated impairment losses	Carrying amount	Cost	Accumulated impairment losses	Carrying amount
Artwork	1 668 766	(4 345)	<b>1 664 421</b>	1 667 237	(3 573)	<b>1 663 664</b>

#### Reconciliation of heritage assets – 31 March 2018

	Opening balance	Additions	Disposals	Impairment loss	Closing balance
Artwork	1 663 664	1 529	–	(772)	<b>1 664 421</b>

Asset condition was taken account of when determining whether the asset should be impaired.

#### Reconciliation of heritage assets – 31 March 2017

	Opening balance	Additions	Disposals	Impairment loss	Closing balance
Artwork	1 663 709	–	–	(45)	<b>1 663 664</b>

There are no restrictions on title and disposal of heritage assets.

Heritage assets are not pledged as securities for liabilities.

### 9. Intangible assets

(All figures in rand)

	31 March 2018			31 March 2017		
	Cost	Accumulated depreciation and impairment losses	Carrying amount	Cost	Accumulated depreciation and impairment losses	Carrying amount
Computer software	194 741 846	(113 247 146)	<b>81 494 700</b>	190 002 276	(95 192 329)	<b>94 809 947</b>

#### Reconciliation of intangible assets – 31 March 2018

	Opening balance	Additions	Assets brought into use	Amortisation	Closing balance
Computer software	94 809 947	4 938 799	–	(18 254 046)	<b>81 494 700</b>

#### Reconciliation of intangible assets – 31 March 2017

	Opening balance	Additions	Assets brought into use	Amortisation	Closing balance
Computer software	93 671 328	19 799 077	–	(18 660 458)	<b>94 809 947</b>

Intangible assets with a cost of R199 229 and a carrying value of zero have been disposed during the year and have been taken into account in arriving at the balance as at 31 March 2018 above. Intangible assets are not pledged as security for liabilities.

## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

Note	31 March 2018 R	31 March 2017 R
<b>10. Trade and other payables from exchange transactions</b>		
Trade payables	35 852 715	27 179 094
Payroll payables	33 329 096	19 517 293
Leave pay accruals	58 424 707	52 612 670
Deposits received	154 700	2 767 700
EFTs not cleared for payment at year-end	9 477 429	613 936
	<b>137 238 647</b>	<b>102 690 693</b>

## 11. Operating lease liability

### Operating lease straight lining

Due within 12 months	3 507 825	1 315 124
Due after 12 months	38 944 549	41 219 393
	<b>42 452 374</b>	<b>42 534 517</b>
<b>Total minimum lease payments</b>		
Not later than one year	94 029 304	76 690 802
Later than one year and not later than five years	259 562 750	235 920 613
Later than five years	49 301 495	46 279 327
	<b>402 893 549</b>	<b>358 890 742</b>

The minimum lease payments reflected above relate to building lease commitments in respect of contracts that were in place and active as at 31 March 2018 only. Other contractual commitments, including new leases that were not active at 31 March 2018, are included under Note 24.

Operating lease payments represent rentals payable by the Electoral Commission, including the national office, nine provincial offices, 10 warehouses and 213 local electoral offices (2017: 233). No contingent rent is payable. New contracts entered into have an average term of five to seven years and escalate at an average of 8% per annum. The Commission has leased 74 (2017: 73) local offices from various municipalities across the country at no cost to the Commission. The fair value of the rental for these offices could not be reliably determined as at 31 March 2018. Revenue from non-exchange transactions have therefore not been recognised in this regard.

## 12. Provisions

### Reconciliation of provisions

	Opening balance	Paid during the year	Additional provisions made in the year	Closing balance
<b>March 2018</b>				
Long-service	1 723 509	1 723 509	–	–
Lump sum retirement	–	–	2 101 808	<b>2 101 808</b>
<b>March 2017</b>				
Long-service	–	–	1 723 509	<b>1 723 509</b>

Lump sum retirement – a provision is made for employees who have reached 60 years of age and may choose to retire.

A rate of 7% was applied to the amount payable to all employees having reached the age of 60 years, but not yet at retirement age (early retirement), which is based on the actual percentage of early retirements in the past three years.

Long-service – a provision was made in the prior year for employees who have reached 15 years of service in relation to long-service choice awards. The final amount was paid in accordance with the Commission's decision and is no longer applicable in accordance with the Commission's decision in the 2017/18 financial year.

## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

Note	31 March 2018 R	31 March 2017 R
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#### 13. Revenue from non-exchange transactions

Parliamentary allocation	1 299 912 000	1 657 901 000
Sponsorship and lease revenue	2 077 670	27 966 568
	<b>1 301 989 670</b>	<b>1 685 867 568</b>

Lease revenue represents savings on voting stations offered at no cost by service providers. The prior period amount has been restated to include this cost saving. Refer to Note 33.

Sponsorship revenue reflected in the prior period represented revenue received from sponsors for the Results Operations Centres for the 2016 Local Government Elections, and a mobile application. No sponsorship revenue was earned in the current financial year.

#### 14. Revenue from exchange transactions

Political party registration fees	21 100	25 000
Investment revenue	14 704 617	16 292 438
Other operating revenue	14.1 535 777	380 343
	<b>15 261 494</b>	<b>16 697 781</b>

Investment revenue represents interest received on cash and cash equivalents. These investments are held with one of the top four South African banks.

##### 14.1 Other operating revenue

Elections-related revenue	10 138	10 718
Commissions earned	22 373	30 894
SMS services	6 403	253 416
Other operating income	494 547	85 161
Exchange rate gain	–	154
Bad debt recovered	2 316	–
	<b>535 777</b>	<b>380 343</b>

Other income is mostly made up of the sale of waste paper.

#### 15. Employee-related costs

Wages and salaries	551 874 290	669 671 328
Allowances	13 530 184	21 046 895
Employer contributions to defined-contribution plan	38 818 481	34 713 425
Employer contributions: Other	15 415 134	20 938 419
Leave accrual	6 919 818	5 462 345
Lump sums – retirement	6 157 188	3 616 001
Long-service awards	5 855 496	266 434
Relocation costs	238 744	–
Deployment cost	9 017	–
	<b>638 818 352</b>	<b>755 714 847</b>

Employee costs have decreased in the current year due to fewer expansion staff being appointed in comparison to the prior year when there was a Local Government Election.

**Electoral Commission****Notes to the Annual Financial Statements for the year ended 31 March 2018**

	Note	31 March 2018 R	31 March 2017 R
<b>16. Goods and services</b>			
Advertising		75 834 626	36 537 211
Bank charges		1 137 687	3 532 896
Catering		1 216 115	1 357 684
Communications and connectivity		40 940 254	66 483 624
Conferences and workshops		11 234 911	97 656 735
Consumables		2 105 604	29 547 252
Insurance		2 351 661	3 241 338
Inventory		7 707 437	48 375 260
Printing and stationery		7 426 559	80 115 787
Professional services		145 706 853	216 319 055
Property expenses – other		17 203 762	16 838 053
Property expenses – voting station rentals		15 887 597	31 273 531
Rentals equipment		4 991 960	20 260 960
Software licenses		27 613 873	32 352 332
Storage and distribution costs		7 322 435	29 022 597
Study expenditure		2 406 045	1 786 934
Repairs and maintenance		16 804 023	23 355 487
Subscriptions and membership fees		1 414 940	1 242 362
Subsistence and travel		70 206 023	321 446 320
Voting station staff		57 625 036	290 660 539
Other permanent and fixed-term staff		12 580 987	30 785 781
Sundry expenditure		89 679	446 182
Travel expenses		23 679 655	30 205 501
		<b>483 281 699</b>	<b>1 091 397 101</b>

Goods and services have decreased in the current year due to the lower budget allocation as a result of it being a non-election year in comparison to the prior year when there was a Local Government Election.

Reclassification of repairs and maintenance was made in the current financial year and based on comparative figures by including the amount in the goods and services total on the face of the Statement of Financial Performance.

Included in property expenses – voting station rentals is the amount for voting stations received at no cost recorded at fair value.

The related revenue has been recorded in revenue from non-exchange transactions.

Refer to Note 33 for further details.

**17. Depreciation, amortisation and impairment**

Amortisation	18 254 045	18 660 458
Depreciation	44 157 856	48 788 188
Increase in impairment allowance – heritage assets	772	45
Increase in impairment allowance – property, plant and equipment	10 248 564	542 155
	<b>72 661 237</b>	<b>67 990 846</b>

The impairment of property, plant and equipment above relates to the write-down of zip-zip scanners being replaced in the new financial year.



## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

	Note	31 March 2018 R	31 March 2017 R
<b>18. Audit fees</b>			
Auditor-General		<u>6 841 651</u>	<u>7 246 252</u>
<b>19. Lease rental costs</b>			
Lease rental costs		<u>93 744 745</u>	<u>91 463 313</u>
The lease rental cost is the smoothed cost of the rentals paid for national, provincial and local municipal offices and warehouses.			
<b>20. Finance costs</b>			
Interest paid on late payments to suppliers		13 687	9 891
Exchange loss		942	60
		<u>14 629</u>	<u>9 951</u>
<b>21. Debt impairment</b>			
Write-offs		4 045	486
Debt impairment		259 325	98 250
		<u>263 370</u>	<u>98 736</u>
<b>22. Deficit on disposal of assets</b>			
Deficit on disposal of property, plant and equipment		<u>(178 185)</u>	<u>(146 956)</u>
Composition of deficit from sale of property, plant and equipment			
Disposal of property, plant and equipment		(854 574)	(542 244)
Proceeds from sale of property, plant and equipment		676 389	395 288
Deficit on disposal of property, plant and equipment		<u>(178 185)</u>	<u>(146 956)</u>
<b>23. Cash generated from operations</b>			
Surplus/(deficit) for the year		21 447 296	(311 502 653)
Adjustments for:			
Depreciation, amortisation and impairment	17	72 661 237	67 990 846
Deficit on disposal of assets	22	178 185	146 956
Movements in operating lease liability and accruals		(82 144)	2 031 050
Movements in provisions		378 299	1 723 509
Debt impairment		263 370	–
Foreign exchange		942	–
Changes in working capital:			
Decrease in inventories		2 870 785	33 477 561
Increase in trade and other receivables from exchange transactions		(10 364 164)	(4 704 557)
Decrease/(increase) in trade and other payables from exchange transactions		34 547 013	(73 420 279)
		<u>121 900 819</u>	<u>(284 257 567)</u>

## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

Note	31 March 2018	31 March 2017
	R	R

## 24. Commitments

### Commitments for operational expenditure

Contracted	79 588 564	145 110 267
Approved but not contracted	23 347 523	7 902 553
<b>Total commitments</b>	<b>102 936 087</b>	<b>153 012 820</b>
Not later than one year	50 677 062	71 944 065
Later than one year and not later than five years	27 299 535	60 838 853
Later than five years	1 611 967	12 327 349
Approved but not contracted	23 347 523	7 902 553
<b>Total commitments</b>	<b>102 936 087</b>	<b>153 012 820</b>

Commitments disclosed take into consideration the escalation clauses as per the contractual agreements.

The operating lease commitments in respect of contracts on which payments had been made during the year have been disclosed in the operating lease liability note (Note 11). An additional R25 042 567 is in respect of a contract for office accommodation that has not yet commenced.

The prior-period amounts have been corrected to include a contract that was committed to in the prior year.

## 25. Contingencies

Legal	21 768 379	18 769 329
Staff	1 126 558	1 692 572
Other	1 512 492	–
<b>Total contingencies</b>	<b>24 407 429</b>	<b>20 461 901</b>

Legal contingencies relate to civil claims against the Electoral Commission. Staff contingencies relate to cases currently under consideration in terms of internal policies by the CCMA or with the courts, while other contingencies relates to a contractual dispute with a service provider. The increase in legal contingencies relates to, among others, interest incurred while the matters are pending completion. The likelihood of these succeeding is difficult to determine.

## 26. Financial instrument risk management

### Financial risk management

The Electoral Commission's activities have limited exposure to credit risk, liquidity risk and market risk. Risk management is carried out by the Executive Risk Management Committee under policies approved by the Commission.

The Electoral Commission has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash through proper management of working capital, capital expenditure and cash. Due to the dynamic nature of its underlying operations, the Electoral Commission aims to maintain sufficient funding through a robust MTEF budgeting process.



## Electoral Commission Notes to the Annual Financial Statements for the year ended 31 March 2018

The following are the contractual maturities of financial liabilities:

	Carrying amounts R	Contractual cash flow R	1–12 months R	2–5 years R	Later than 5 years R
<b>2018</b>					
Trade and other payables	137 238 647	137 238 647	137 238 647	–	–
<b>2017</b>					
Trade and other payables	102 690 693	102 690 693	102 690 693	–	–

### Credit risk

With respect to credit risk arising from cash and cash equivalents, cash is placed with authorised financial institutions. The carrying amounts of the financial assets represent the maximum credit exposure. There is minimal risk attached to trade and other receivables as these relate mainly to property rental deposit, prepayments and staff debts.

	Note	31 March 2018 R	31 March 2017 R
The maximum exposure at the reporting date was:			
Cash and cash equivalents	4	129 966 145	14 078 042
Trade and other receivables from exchange transactions	5	32 453 279	22 352 490
		<b>162 419 424</b>	<b>36 430 532</b>

The maximum exposure to credit risk for trade receivables at the reporting date by category is:

Cash collateral provided	5	14 004 030	12 634 488
Accrued interest – major South African banks		130 201	36 682
Sundry receivables – employees and suppliers	5	1 961 641	2 380 839
Less: Impairment allowance		(780 020)	(684 383)
		<b>15 315 852</b>	<b>14 367 626</b>

### Impairment losses

The ageing of trade receivables net of the allowance for credit losses at the reporting date was:

Not past due	<b>15 315 852</b>	<b>14 367 626</b>
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An amount of R780 020 (2017: R684 383) has been provided for as doubtful debts and is included in the amounts disclosed above. This provision relates to identified debtors that were considered doubtful and were not likely to be received.

### Cash flow

The Electoral Commission manages its cash flow risk by aligning the monthly parliamentary allocation to its estimated monthly activity levels.

Parliamentary allocation	<b>1 299 912 000</b>	<b>1 657 901 000</b>
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## Electoral Commission Notes to the Annual Financial Statements for the year ended 31 March 2018

### 27. Related parties

#### Key management compensation

##### Commissioners

	Salary	Short-term benefits	Total 2018	Total 2017
Chairperson	1 632 919	803 280	2 436 199	2 384 115
Vice-Chairperson	1 326 740	803 280	2 130 020	2 090 878
Full-time Commissioner	1 326 740	803 280	2 130 020	2 090 878
Part-time Commissioner	291 434	–	291 434	212 354
	<b>4 577 833</b>	<b>2 409 840</b>	<b>6 987 673</b>	<b>6 778 225</b>

Commissioners do not qualify for membership of the GEPPF.

	Salary	Short-term benefits	Heightened activity	Total 2018	Total 2017
<b>Executive management salaries</b>					
Chief Electoral Officer <sup>1</sup>	2 243 873	–	–	2 243 873	2 649 105
Chief Electoral Officer <sup>2</sup>	1 849 311	794 586	231 993	2 875 890	–
Deputy CEO (Electoral Operations) <sup>2</sup>	–	–	–	–	1 982 179
Deputy CEO (Outreach)	1 752 399	235 289	242 433	2 230 121	2 102 383
Deputy CEO/Interim Chief Financial Officer <sup>3</sup>	611 303	121 075	116 883	849 261	1 924 934
Acting Chief Financial Officer <sup>4</sup>	950 506	147 288	175 834	1 273 628	–
Chief Information Officer <sup>5</sup>	1 529 409	298 040	212 023	2 039 472	1 838 402
	<b>8 936 801</b>	<b>1 596 278</b>	<b>979 166</b>	<b>11 512 245</b>	<b>10 497 003</b>
<b>Total key management compensation</b>	<b>13 514 634</b>	<b>4 006 118</b>	<b>979 166</b>	<b>18 499 918</b>	<b>17 275 228</b>

<sup>1</sup> The amount of R2 243 873 relates to a GEPPF payment to cover the pension of the former CEO. The CEO contract expired on 31 March 2017. The payment was made in terms of the GEPPF rules.

<sup>2</sup> The Deputy CEO (Electoral Matters) was appointed Acting CEO from 1 April 2017 to 30 September 2017. He was appointed as CEO effective of 1 October 2017.

<sup>3</sup> The Deputy CEO (Corporate Services) and Interim CFO resigned effective of 7 July 2017.

<sup>4</sup> The Manager: Budget, Compliance and Represented Political Parties Fund (RPPF) was appointed as Acting CFO effective of 1 August 2017.

<sup>5</sup> The Chief Information Officer was appointed Acting Deputy CEO (Corporate Services) from 1 August 2017 to 31 March 2018.

Note	31 March 2018 R	31 March 2017 R
<b>Related-party balances</b>		
Represented Political Parties Fund	<b>998 122</b>	<b>885 721</b>

The balance relates to fees charged for administrative services.

### 28. Irregular expenditure

Opening balance	225 093 515	187 007 003
Add: Irregular expenditure incurred in the current year	71 247 803	38 086 512
Add: Irregular expenditure incurred in previous years identified in current year	12 082 109	–
Current year		
Less: Amount condoned in the current year	(249 723 387)	–
Lump-sum payments (current year)	(4 055 380)	–
Lump-sum payments (prior year)	(11 929 199)	–
Riverside Office Park Lease (current year)	(40 279 756)	–
Riverside Office Park Lease (prior year)	(193 459 052)	–
	<b>58 700 040</b>	<b>225 093 515</b>

**Electoral Commission****Notes to the Annual Financial Statements for the year ended 31 March 2018**

	Note	31 March 2018 R	31 March 2017 R
Irregular expenditure relates to non-compliance with the Treasury Regulations, PPPFA and non-compliance with any other regulations governing the Electoral Commission.			
<b>28.1 Irregular expenditure incurred</b>			
<b>Riverside Office Park – lease contract</b>		40 279 756	36 923 643
The lease was subject to judicial review at the Northern Gauteng High Court, which came to the conclusion that it will not be in the interest of justice to set the lease aside.			
<b>Non-compliance with employment regulations</b>		15 984 579	–
Lump-sum payments made to staff on retirement is based on the Commission's Employment Regulations. The recognition of this irregular expenditure in 2018: R4 055 380 (2017: R11 929 199) was concluded in the current year. The total amount incurred has been condoned and a process has been implemented to prevent further irregular expenditure from being incurred.			
<b>Tax clearance certificates</b>		224 767	118 460
Tax clearance certificates are obtained and validated on the date of the close of bids. The Auditor-General has now indicated that a second check needs to be made to ensure that tax affairs remain in order for potential suppliers on the date of the award of the contract. The irregular expenditure incurred in the current year relates to non-compliance identified in the prior year and will continue to be incurred until the expiry of the contract.			
<b>Tax clearance certificates not obtained in the current year</b>		165 694	193 309
Expenditure was incurred in the current year where tax clearance certificates were not obtained. Procedures have been implemented to prevent recurrence. The irregular expenditure incurred in the current year relates to the non-compliance identified in the prior year. The contract ended in the current year and no expenditure will be incurred.			
<b>Failure to advertise for 21 days due to urgency</b>		–	833 280
The Auditor-General did not accept the reasons documented for advertising a bid for less than 21 days. The contract was awarded in the prior year.			
<b>Non-compliance with SCM Policy</b>		25 655 478	–
The Bid Adjudication Committee was not constituted in compliance with the Electoral Commission's terms of reference. No financial misconduct occurred and services were duly received by the Commission.			
<b>Approval for deviations not requested from National Treasury</b>		838 000	–
Deviation from competitive bidding was approved by the Commission. National Treasury approval was not requested.			
<b>Other-current year non-compliance</b>		181 638	17 820
Expenditure was incurred in the current year where processes were non-compliant. There was no loss to the Electoral Commission.			
		<b>83 329 912</b>	<b>38 086 512</b>

**28.2 Condonation**

Application has, or will be, made to the relevant condoning authority for condonation.

**28.2.1 Expenditure condoned during the year**

Non-compliance with employment regulations (lump-sum payments)	15 984 579	–
Riverside Office Park – lease contract	233 738 808	–
	<b>249 723 387</b>	<b>–</b>

## Electoral Commission

### Notes to the Annual Financial Statements for the year ended 31 March 2018

	Note	31 March 2018 R	31 March 2017 R
<b>28.2.2 Expenditure awaiting external condonation</b>			
2017/18 expenditure		–	–
2016/17 expenditure		–	36 923 643
2015/16 expenditure		–	33 847 411
2014/15 expenditure		–	31 027 685
2013/14 expenditure		–	28 443 037
2012/13 expenditure		–	26 073 872
2011/12 expenditure		–	23 902 201
2010/11 expenditure		–	13 241 203
Failure to obtain a tax clearance certificate		10 746 992	10 746 992
Incorrect (10%) cash allowance benefit paid to Commissioners		1 796 569	1 796 569
Failure to indicate evaluation criteria on requests for quotations over R30 000		9 791 729	9 791 729
Non-compliance identified during the year		838 000	–
Bid adjudication composition		25 655 478	–
Other non-compliant matters		9 871 272	9 299 173
		<b>58 700 040</b>	<b>225 093 515</b>

### 28.3 Consequence management

In instances where fraud, corruption or criminal activities have been identified, the necessary disciplinary procedures have been implemented and civil and criminal cases have been made as appropriate. In other instances, the controls have been reviewed and improved where necessary, and training interventions have been or will be conducted. Investigations are ongoing in relation to transactions that have been identified as potentially irregular, and if confirmed as irregular, this will be disclosed in the year in which the irregularity is confirmed.

## 29. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	<b>1 292 454</b>	<b>86 676</b>
<b>Made up as follows:</b>		
Opening balance	86 676	76 785
Add: Fruitless and wasteful expenditure in the current year		–
Interest incurred due to late payments of invoices	13 687	9 891
Financial misconduct incurred due to unauthorised use of one petrol card	91 346	–
Add: Fruitless and wasteful expenditure incurred in previous years identified in the current year		–
Financial misconduct incurred due to unauthorised use of one petrol card	1 100 745	–
	<b>1 292 454</b>	<b>86 676</b>

Fruitless and wasteful expenditure was incurred as a result of the misuse of the petrol card and was investigated. Corrective action has been taken in the form of dismissal. Criminal charges were also instituted to prevent recurrence. Fruitless and wasteful expenditure incurred in the current year as a result of late payments are being investigated and corrective action will be taken.



## Electoral Commission

## Notes to the Annual Financial Statements for the year ended 31 March 2018

## 30 Segment reporting

2018	National Office	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	Limpopo	Northern Cape	North West	Western Cape	Total
<b>REVENUE</b>											
Revenue from non-exchange transactions	1 299 912 000	–	–	–	–	–	–	–	–	–	1 299 912 000
Inter-segment transfers	(716 402 148)	131 808 007	57 657 039	70 968 092	131 857 964	61 079 911	84 078 462	53 463 855	59 751 655	65 737 163	–
Lease revenue	17 339 164	–	–	–	–	–	–	–	–	–	17 339 164
<b>Total segment revenue</b>	<b>600 849 016</b>	<b>131 808 007</b>	<b>57 657 039</b>	<b>70 968 092</b>	<b>131 857 964</b>	<b>61 079 911</b>	<b>84 078 462</b>	<b>53 463 855</b>	<b>59 751 655</b>	<b>65 737 163</b>	<b>1 317 251 164</b>
Employee cost	143 588 541	91 241 384	39 829 571	47 391 617	92 765 608	40 366 488	59 533 682	37 758 798	41 903 188	44 439 476	638 818 353
Goods and services	342 680 358	27 609 033	12 841 848	15 694 078	28 207 133	12 296 719	17 608 957	8 562 246	12 187 043	12 435 934	490 123 349
Depreciation and amortisation	59 515 081	1 920 806	1 042 392	1 451 836	2 364 078	1 105 224	1 515 308	1 422 678	1 143 599	1 180 235	72 661 237
Debt impairment	263 370	–	–	–	–	–	–	–	–	–	263 370
Finance cost	942	1 707	592	8 498	2 547	–	243	–	32	68	14 629
Operating lease expense	38 194 720	11 556 330	3 052 243	4 535 977	8 145 084	5 213 997	6 935 177	4 979 674	4 237 233	6 894 310	93 744 745
<b>Total segment expenses</b>	<b>584 243 012</b>	<b>132 329 260</b>	<b>56 766 646</b>	<b>69 082 006</b>	<b>131 484 450</b>	<b>58 982 428</b>	<b>85 593 367</b>	<b>52 723 396</b>	<b>59 471 095</b>	<b>64 950 023</b>	<b>1 295 625 683</b>
<b>(Deficit) on sale of assets</b>	<b>72 874</b>	<b>42 413</b>	<b>(16 041)</b>	<b>1 604</b>	<b>(319 433)</b>	<b>25 187</b>	<b>43 681</b>	<b>(5 149)</b>	<b>(138)</b>	<b>(23 183)</b>	<b>(178 185)</b>
<b>Surplus/(deficit) for the year</b>	<b>16 678 878</b>	<b>(478 840)</b>	<b>874 352</b>	<b>1 887 690</b>	<b>54 081</b>	<b>2 122 670</b>	<b>(1 471 224)</b>	<b>735 310</b>	<b>280 422</b>	<b>763 957</b>	<b>21 447 296</b>



## Electoral Commission

## Notes to the Annual Financial Statements for the year ended 31 March 2018

	National Office	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	Limpopo	Northern Cape	North West	Western Cape	Total
<b>2018 ASSETS</b>											
<b>Current assets</b>	<b>153 158 895</b>	<b>2 955 154</b>	<b>1 399 190</b>	<b>3 288 554</b>	<b>2 462 321</b>	<b>1 607 956</b>	<b>1 392 379</b>	<b>1 305 849</b>	<b>2 042 137</b>	<b>1 848 119</b>	<b>171 460 554</b>
Trade and other receivables	27 610 179	909 084	269 454	676 980	715 374	411 795	429 265	240 825	229 831	960 492	32 453 279
Cash and cash equivalents	124 225 830	1 026 964	599 903	694 906	449 559	769 547	576 849	500 972	1 094 445	27 170	129 966 145
Inventories	1 322 886	1 019 106	529 833	1 916 668	1 297 388	426 614	386 265	564 052	717 861	860 457	9 041 130
<b>Non-current assets</b>	<b>139 101 841</b>	<b>12 189 743</b>	<b>6 438 857</b>	<b>7 979 259</b>	<b>16 549 780</b>	<b>7 464 281</b>	<b>12 766 148</b>	<b>9 563 627</b>	<b>8 121 869</b>	<b>7 176 920</b>	<b>227 352 325</b>
Property, plant and equipment	56 137 060	12 076 331	6 425 695	7 954 876	16 539 057	7 457 049	12 758 575	9 563 627	8 106 199	7 174 736	144 193 205
Heritage	1 470 081	113 412	13 162	24 383	10 723	7 232	7 573	-	15 670	2 184	1 664 420
Intangibles	81 494 700	-	-	-	-	-	-	-	-	-	81 494 700
<b>Total assets</b>	<b>292 260 736</b>	<b>15 144 897</b>	<b>7 838 047</b>	<b>11 267 813</b>	<b>19 012 101</b>	<b>9 072 237</b>	<b>14 158 527</b>	<b>10 869 476</b>	<b>10 164 006</b>	<b>9 025 039</b>	<b>398 812 879</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>	<b>136 220 983</b>	<b>1 575 261</b>	<b>404 660</b>	<b>567 228</b>	<b>920 374</b>	<b>477 825</b>	<b>683 758</b>	<b>654 145</b>	<b>725 369</b>	<b>618 677</b>	<b>142 848 280</b>
Trade payables	130 611 350	1 575 261	404 660	567 228	920 374	477 825	683 758	654 145	725 369	618 677	137 238 647
Provision – long-service	2 101 808	-	-	-	-	-	-	-	-	-	2 101 808
Current short-term portion of lease	3 507 825	-	-	-	-	-	-	-	-	-	3 507 825
<b>Non-current liabilities</b>	<b>23 712 289</b>	<b>1 633 495</b>	<b>1 168 988</b>	<b>198 401</b>	<b>2 975 717</b>	<b>1 890 461</b>	<b>2 298 556</b>	<b>1 800 558</b>	<b>1 715 707</b>	<b>1 550 377</b>	<b>38 944 549</b>
Operating lease liability	23 712 289	1 633 495	1 168 988	198 401	2 975 717	1 890 461	2 298 556	1 800 558	1 715 707	1 550 377	38 944 549
<b>Total liabilities</b>	<b>159 933 272</b>	<b>3 208 756</b>	<b>1 573 648</b>	<b>765 629</b>	<b>3 896 091</b>	<b>2 368 286</b>	<b>2 982 314</b>	<b>2 454 703</b>	<b>2 441 076</b>	<b>2 169 054</b>	<b>181 792 829</b>
Accumulated surplus	217 020 050	-	-	-	-	-	-	-	-	-	217 020 050
<b>Total liabilities and net assets</b>	<b>376 953 322</b>	<b>3 208 756</b>	<b>1 573 648</b>	<b>765 629</b>	<b>3 896 091</b>	<b>2 368 286</b>	<b>2 982 314</b>	<b>2 454 703</b>	<b>2 441 076</b>	<b>2 169 054</b>	<b>398 812 879</b>
<b>Number of employees</b>											
Permanent	129	170	55	72	144	62	93	57	76	68	926
Fixed-term	16	45	33	56	84	16	34	32	25	5	346
<b>Number of offices</b>	2	40	20	38	52	18	26	27	19	30	272



## Electoral Commission

## Notes to the Annual Financial Statements for the year ended 31 March 2018

2017	National Office	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	Limpopo	Northern Cape	North West	Western Cape	Total
<b>REVENUE</b>											
Revenue from non-exchange transactions	1 657 901 000	-	-	-	-	-	-	-	-	-	1 657 901 000
Inter-segment transfers	(976 292 103)	176 471 258	72 010 476	115 852 460	184 281 043	80 155 462	114 491 088	64 885 288	79 091 650	89 053 378	-
Sponsorship income	24 918 031	-	-	-	3 048 537	-	-	-	-	-	27 966 568
Revenue from exchange transactions	16 697 781	-	-	-	-	-	-	-	-	-	16 697 781
<b>Total segment revenue</b>	<b>723 224 709</b>	<b>176 471 258</b>	<b>72 010 476</b>	<b>115 852 460</b>	<b>187 329 580</b>	<b>80 155 462</b>	<b>114 491 088</b>	<b>64 885 288</b>	<b>79 091 650</b>	<b>89 053 378</b>	<b>1 702 565 349</b>
Employee cost	(149 262 000)	(106 876 628)	(46 870 125)	(62 853 954)	(115 338 366)	(47 366 581)	(46 106 285)	(72 694 358)	(52 101 814)	(56 244 736)	(755 714 847)
Goods and services	(566 841 879)	(95 451 189)	(37 444 202)	(76 376 322)	(105 559 897)	(42 629 097)	(26 185 253)	(61 647 626)	(40 155 889)	(46 351 997)	(1 098 643 351)
Depreciation and amortisation	(52 393 474)	(2 263 465)	(1 199 998)	(1 669 792)	(2 914 417)	(1 235 440)	(1 827 184)	(1 668 710)	(1 331 929)	(1 486 439)	(67 990 848)
Debt impairment	(98 736)	-	-	-	-	-	-	-	-	-	(98 736)
Finance cost	(2 181)	(2 185)	(582)	(4 527)	(138)	-	-	(229)	(109)	-	(9 951)
Operating lease expense	(37 269 427)	(11 180 696)	(2 389 826)	(4 490 324)	(8 182 566)	(6 270 438)	(5 098 625)	(5 434 731)	(4 458 789)	(6 687 891)	(91 463 313)
<b>Total segment expenses</b>	<b>(805 867 697)</b>	<b>(215 774 163)</b>	<b>(87 904 733)</b>	<b>(145 394 919)</b>	<b>(231 995 384)</b>	<b>(97 501 556)</b>	<b>(79 217 347)</b>	<b>(141 445 654)</b>	<b>(98 048 530)</b>	<b>(110 771 063)</b>	<b>(2 013 921 046)</b>
<b>(Deficit) on sale of assets</b>	<b>(2 297)</b>	<b>(50 453)</b>	<b>(4 066)</b>	<b>32 692</b>	<b>(104 872)</b>	<b>(7 391)</b>	<b>(8 156)</b>	<b>8 119</b>	<b>(3 317)</b>	<b>(7 215)</b>	<b>(146 956)</b>
<b>Surplus/(deficit) for the year</b>	<b>(82 645 285)</b>	<b>(39 353 358)</b>	<b>(15 898 323)</b>	<b>(29 509 767)</b>	<b>(44 770 676)</b>	<b>(17 353 485)</b>	<b>35 265 585</b>	<b>(76 552 247)</b>	<b>(18 960 197)</b>	<b>(21 724 900)</b>	<b>(311 502 653)</b>



## Electoral Commission

## Notes to the Annual Financial Statements for the year ended 31 March 2018

2017	National Office	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	Limpopo	Northern Cape	North West	Western Cape	Total
<b>ASSETS</b>											
<b>Current assets</b>	<b>31 356 545</b>	<b>2 158 578</b>	<b>1 371 702</b>	<b>2 960 446</b>	<b>2 929 856</b>	<b>1 086 391</b>	<b>1 516 473</b>	<b>1 345 217</b>	<b>1 525 259</b>	<b>2 091 980</b>	<b>48 342 447</b>
Trade receivables	18 273 973	594 875	198 792	483 371	713 450	378 107	176 775	357 821	229 831	945 495	22 352 490
Cash and cash equivalents	11 425 765	223 927	403 501	102 862	472 060	129 502	482 296	491 666	247 706	98 757	14 078 042
Inventories	1 656 807	1 339 776	769 409	2 374 213	1 744 346	578 782	857 402	495 730	1 047 722	1 047 728	11 911 915
<b>Non-current assets</b>	<b>193 692 395</b>	<b>13 824 712</b>	<b>7 381 052</b>	<b>9 521 879</b>	<b>19 024 245</b>	<b>8 539 625</b>	<b>13 875 199</b>	<b>10 911 527</b>	<b>9 109 047</b>	<b>8 299 352</b>	<b>294 179 033</b>
Property, plant and equipment	97 413 873	13 711 300	7 367 890	9 496 755	19 013 522	8 532 387	13 867 626	10 911 527	9 093 377	8 297 168	197 705 422
Heritage	1 468 575	113 412	13 162	25 124	10 723	7 238	7 573	-	15 670	2 184	1 663 664
Intangibles	94 809 947	-	-	-	-	-	-	-	-	-	94 809 947
<b>Total assets</b>	<b>225 048 939</b>	<b>15 983 289</b>	<b>8 752 753</b>	<b>12 482 325</b>	<b>21 954 100</b>	<b>9 626 015</b>	<b>15 391 672</b>	<b>12 256 747</b>	<b>10 634 306</b>	<b>10 391 332</b>	<b>342 521 480</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>	<b>103 790 913</b>	<b>(251 538)</b>	<b>113 357</b>	<b>257 875</b>	<b>1 614 927</b>	<b>112 271</b>	<b>(18 975)</b>	<b>205 238</b>	<b>550</b>	<b>(95 292)</b>	<b>105 729 326</b>
Trade payables	98 891 810	212 955	113 389	269 342	2 035 034	232 763	320 928	284 123	71 711	258 637	102 690 693
Provision – long-service	1 723 509	-	-	-	-	-	-	-	-	-	1 723 509
Current short-term portion of lease	3 175 593	(464 493)	(32)	(11 467)	(420 107)	(120 492)	(339 903)	(78 885)	(71 161)	(353 929)	1 315 124
<b>Non-current liabilities</b>	<b>34 136 224</b>	<b>1 902 573</b>	<b>1 024</b>	<b>141 130</b>	<b>1 195 578</b>	<b>552 026</b>	<b>810 887</b>	<b>706 545</b>	<b>706 954</b>	<b>1 066 452</b>	<b>41 219 393</b>
Operating lease liability	34 136 224	1 902 573	1 024	141 130	1 195 578	552 026	810 887	706 545	706 954	1 066 452	41 219 393
<b>Total liabilities</b>	<b>137 927 136</b>	<b>1 651 035</b>	<b>114 381</b>	<b>399 005</b>	<b>2 810 505</b>	<b>664 297</b>	<b>791 912</b>	<b>911 783</b>	<b>707 504</b>	<b>971 160</b>	<b>146 948 719</b>
Accumulated surplus	87 121 802	14 332 254	8 638 373	12 083 320	19 143 595	8 961 719	14 599 760	11 344 964	9 926 802	9 420 172	195 572 761
<b>Total liabilities and net assets</b>	<b>225 048 939</b>	<b>15 983 289</b>	<b>8 752 754</b>	<b>12 482 325</b>	<b>21 954 100</b>	<b>9 626 016</b>	<b>15 391 672</b>	<b>12 256 747</b>	<b>10 634 306</b>	<b>10 391 332</b>	<b>342 521 480</b>
<b>Number of employees</b>											
Permanent	136	170	56	76	145	63	94	57	75	70	942
Fixed-term	31	69	44	71	106	37	46	38	38	65	545
<b>Number of offices</b>	<b>2</b>	<b>40</b>	<b>20</b>	<b>38</b>	<b>52</b>	<b>18</b>	<b>26</b>	<b>27</b>	<b>19</b>	<b>30</b>	<b>272</b>

## Electoral Commission Notes to the Annual Financial Statements for the year ended 31 March 2018

### 31. Change in estimate

#### Useful life review – property, plant and equipment

As per the Accounting Policy, the Electoral Commission reviews the useful lives of all the asset classes at the end of each reporting period. In management's best estimate, there was a change in estimate of the useful lives of the following asset classes and there was a resultant reduction in depreciation in the current period as a result of extension of the relevant useful lives of the assets listed below.

	Cost R	Accumulated depreciation R	Net book value R
<b>Appliances</b>			
Before useful life review	4 924 704	(3 840 585)	1 084 119
After useful life review	4 924 704	(3 813 218)	1 111 486
<b>Difference due to change in estimate</b>	<b>–</b>	<b>(27 367)</b>	<b>27 367</b>
<b>Cell phones</b>			
Before useful life review	535	(520)	15
After useful life review	535	(517)	18
<b>Difference due to change in estimate</b>	<b>–</b>	<b>(3)</b>	<b>3</b>
<b>Computer equipment</b>			
Before useful life review	145 611 582	(106 937 370)	38 674 212
After useful life review	145 611 582	(104 237 498)	41 374 084
<b>Difference due to change in estimate</b>	<b>–</b>	<b>(2 699 872)</b>	<b>2 699 872</b>
<b>Furniture and fittings</b>			
Before useful life review	74 357 880	(34 971 682)	39 386 198
After useful life review	74 357 880	(34 910 986)	39 446 894
<b>Difference due to change in estimate</b>	<b>–</b>	<b>(60 696)</b>	<b>60 696</b>
<b>Leasehold improvements</b>			
Before useful life review	3 911 522	(2 513 357)	1 398 165
After useful life review	3 911 522	(2 529 795)	1 381 727
<b>Difference due to change in estimate</b>	<b>–</b>	<b>16 438</b>	<b>(16 438)</b>
<b>Motor vehicles</b>			
Before useful life review	63 664 563	(33 036 493)	30 628 070
After useful life review	63 664 563	(31 739 010)	31 925 553
<b>Difference due to change in estimate</b>	<b>–</b>	<b>(1 297 483)</b>	<b>1 297 483</b>

Due to cost containment measures, the replacement of vehicles has been postponed, resulting in an adjusted increase in the useful lives of the assets over the initial estimate of five years.

**Electoral Commission****Notes to the Annual Financial Statements for the year ended 31 March 2018**

	<b>Cost R</b>	<b>Accumulated depreciation R</b>	<b>Net book value R</b>
<b>Office equipment</b>			
Before useful life review	52 048 677	(36 979 592)	15 069 085
After useful life review	52 048 677	(35 853 036)	16 195 641
<b>Difference due to change in estimate</b>	<b>-</b>	<b>(1 126 556)</b>	<b>1 126 556</b>
The change in estimate is due in main to the adjusted increase in useful lives of the individual assets against the initial estimate upon recognition.			
<b>Pre-fabricated buildings</b>			
Before useful life review	14 595 611	(1 884 695)	12 710 916
After useful life review	14 595 611	(1 883 991)	12 711 620
<b>Difference due to change in estimate</b>	<b>-</b>	<b>(704)</b>	<b>704</b>
<b>Scanners</b>			
Before useful life review	181 998 791	(181 966 847)	31 944
After useful life review	181 998 791	(181 966 847)	31 944
<b>Difference due to change in estimate</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 2018</b>	<b>-</b>	<b>(5 196 243)</b>	<b>5 196 243</b>

**Useful life review – intangibles****Software**

Before useful life review	194 741 846	(116 235 819)	78 506 027
After useful life review	194 741 846	(113 247 146)	81 494 700
<b>Difference due to change in estimate</b>	<b>-</b>	<b>(2 988 673)</b>	<b>2 988 673</b>
<b>Total 2018</b>	<b>-</b>	<b>(8 184 916)</b>	<b>8 184 916</b>

The useful lives of software were adjusted to reflect the extended use of the assets over their initial estimate. The adjusted change is in main due to the increase in the useful life of the Electoral Commission's enterprise resource planning system (SAP).

**32. Explanation of variances between budget and Statement of Financial Performance**

1. Revenue: The increase in revenue is mainly due to interest revenue yielding a higher return than budgeted and the inclusion of lease revenue received as a non-cash saving from the receipt of the use of voting stations at no cost during the address harvesting weekend in March 2018 and for the by-elections.
2. Employee-related costs: The actual amount is lower than anticipated due to the delay in the implementation of the organisational structure review initially planned to be implemented in the 2017/18 financial year.
3. Goods and services: This amount includes all expenditure except for depreciation, amortisation and impairment, and was lower than budgeted as a result of intensive cost-saving measures implemented to curb spending and due to the reprioritisation of projects to fund the address harvesting weekend in March 2018.
4. Depreciation, amortisation and impairment: The actual amount for depreciation, amortisation and impairment includes an amount of R10.2 million for the impairment of scanners to be replaced in the 2018/19 financial year. This was not included in the budget. Capital expenditure for the 2017/18 financial year was also much lower than budgeted, resulting in a decrease in depreciation and amortisation.
5. The deficit for the year was budgeted after taking into account that the budget is prepared on the accrual basis and includes R70.5 million for depreciation and amortisation (non-cash items). After removing these amounts and including budgeted capital expenditure of R27.3 million, the budgeted net cash surplus/deficit is zero.

**Electoral Commission****Notes to the Annual Financial Statements for the year ended 31 March 2018**

Note	31 March 2018 R	31 March 2017 R
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**33. Prior-year period error****Voting station rental**

3 711 643

The Electoral Commission received voting stations for the second Voter Registration Weekend and the 2016 Local Government Elections at no cost, which resulted in cost savings to the Commission and consequently revenue from non-exchange transactions that was not recorded in the prior year's financial statements. The correction of error results in an equivalent adjustment to voting station rentals and voting station expenses.

There is no resultant impact on the Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flow, The correction of the error is as follows:

Revenue	3 711 643
Expense	(3 711 643)
Commitments	58 667 879

Commitments in the prior period were restated to include a contractual commitment that existed in the prior year, but was not included in the total commitments in the Annual Financial Statements. The impact of the restatement on the 2016/17 disclosure note is as follows:

Commitments	Due in 1 year	2-5 years	More than 5 years	Approved but not contracted	Total
Before restatement	42 064 404	32 050 635	12 327 349	7 902 553	<b>94 344 941</b>
After restatement	71 944 065	60 838 853	12 327 349	7 902 553	<b>153 012 820</b>
<b>Total restatement</b>					<b>58 667 879</b>

**Electoral Commission****Unaudited Detailed Income and Expenditure Statement for the year ended 31 March 2018 (Appendix A)**

	31 March 2018	31 March 2017
<b>INCOME</b>	<b>1 317 251 164</b>	<b>1 698 853 706</b>
Parliamentary allocation	1 299 912 000	1 657 901 000
Political party registration fees	21 100	25 000
Interest received	14 704 617	16 292 438
Sponsorship income	–	24 254 925
Other	2 613 447	380 343
<b>EXPENDITURE</b>	<b>1 295 625 683</b>	<b>2 013 921 046</b>
Personnel expenditure	638 818 352	755 714 847
Salaries	497 619 699	618 507 729
Permanent staff	456 296 630	466 913 003
Temporary staff	39 227 854	143 646 723
Voter education fieldworkers	1 036 334	42 881 484
Election support	14 484 557	44 588 884
By-elections	4 228 087	1 570 476
Registration	1 463 742	578 470
Expansion staff	18 015 134	54 027 409
MEO agents	2 095 213	7 948 003
Medical aid contributions	40 063 388	37 704 827
Housing benefits and allowances	14 191 203	13 458 772
Remunerative allowances – permanent staff	884 345	437 836
Leave pay provision	6 919 818	5 462 345
Lump sums – retirement	6 157 188	3 616 001
Employer's contributions and other allowances	66 879 455	76 260 903
Deployment costs	9 017	–
Long-service awards	5 855 496	–
Relocation cost	238 744	266 434

**Electoral Commission****Unaudited Detailed Income and Expenditure Statement for the year ended 31 March 2018 (Appendix A)**

	31 March 2018	31 March 2017
<b>Administrative expenditure</b>	<b>560 222 421</b>	<b>1 159 504 927</b>
Electoral staff subsistence	57 625 036	290 660 539
Travel expenditure	23 679 655	30 205 501
Air transport	4 505 980	4 432 317
Hotel expenditure	9 336 940	9 817 700
Vehicle rental	986 129	6 164 068
Fuel	6 503 283	7 921 716
Other	2 347 325	1 869 700
Subsistence and travel	12 580 986	30 785 781
Communications and connectivity	40 940 254	66 483 624
Storage and distribution costs	7 322 435	29 022 597
Study expenditure	2 406 045	1 786 934
Subscriptions and membership fees	1 414 940	1 242 362
Advertising	75 834 626	36 537 211
Catering/entertainment expenses	1 216 115	1 357 684
Democracy Development and Voter Education	60 866	225 250
Other – Corporate Services	490 358	305 853
Logistics and Electoral Matters	664 891	826 581
Insurance	2 351 661	3 241 338
Conferences and workshops	11 234 911	97 656 735
Democracy Development and Voter Education	2 171 410	9 501 416
Other – Corporate Services	7 680 356	34 977 970
Logistics and Electoral Matters	1 383 145	53 177 349
Consumables	2 105 604	29 547 252
Inventory	7 707 437	48 375 260
Printing and stationery	7 426 559	80 115 787
Software licences	27 613 873	32 352 332
Rented equipment	4 991 960	20 260 960
Rental – land and buildings	126 836 104	139 574 898
Building rentals	93 744 745	95 174 956
Rates and taxes	17 203 762	16 838 053
Voting station rentals	15 887 597	27 561 889
Professional and other services	145 706 854	216 319 055
Bank charges	1 137 687	3 532 896
Sundry expenditure	89 679	446 182
Depreciation and impairment	72 661 237	67 990 846
Audit costs	6 841 651	7 246 252
Finance cost	14 629	9 951
Debt impairment	263 370	98 736
Maintenance and repairs	16 804 023	23 355 487
<b>Total expenditure</b>	<b>1 295 625 683</b>	<b>2 010 209 403</b>
(Deficit) on disposal/scraping of assets	178 185	146 956
<b>(Deficit)/surplus for the year</b>	<b>21 447 296</b>	<b>(311 502 653)</b>

**Electoral Commission**  
**Unaudited Detailed Income and Expenditure Statement by department for the year ended**  
**31 March 2018 (Appendix B)**

**Departmental expenditure statement**

Relevant strategic objective	Total expenditure	Personnel expenditure	Administrative expenditure	Consumables	Equipment	Land and Building rentals	Professional and other services
Internal Audit	13 267 942	5 092 857	224 704	67 360	-	-	7 883 021
Chief Electoral Officer	3 592 556	3 067 145	470 696	2 977	-	-	51 738
Commission Services	16 127 639	11 677 762	3 981 339	26 949	-	433 132	8 458
<b>Total Chief Electoral Office</b>	<b>32 988 136</b>	<b>19 837 764</b>	<b>4 676 738</b>	<b>97 286</b>	<b>-</b>	<b>433 132</b>	<b>7 943 216</b>
Deputy Chief Electoral Officer	1 686 991	1 660 826	20 229	5 936	-	-	-
Risk and Legal Compliance Officer	-	-	-	-	-	-	-
Legal Services	15 425 738	4 913 427	478 625	13 616	-	-	10 020 070
Budget and Party Funding, Compliance Verification	4 942 639	4 777 394	86 484	78 761	-	-	-
Financial Services	12 746 398	10 949 085	290 153	138 660	229 593	(82 144)	1 221 051
Financial Management	7 757 003	-	49 168	582	-	-	7 707 253
Procurement and Asset Management	12 152 667	10 976 974	434 906	107 683	-	-	633 103
Human Resources	129 695 597	45 746 434	73 364 361	113 101	4 514	-	10 467 188
HR, Skills Development and Training, Support Services	1 914 939	1 899 930	15 009	-	-	-	-
Skills Development and Training	17 657 857	5 659 258	10 661 235	1 277 496	-	-	59 868
Support Services	86 145 370	9 349 742	3 862 992	405 275	11 018 043	46 172 407	15 336 911
Business Enterprise Systems	58 858 007	7 307 019	7 088	185 591	-	-	51 358 309
Information Communication Technology	63 114 498	2 367 433	50 524	-	60 255 511	-	441 030
IT Operations Services	70 975 277	3 002 251	137 908	22 396	-	-	67 812 721
<b>Total for Corporate Services</b>	<b>483 072 979</b>	<b>108 609 772</b>	<b>89 458 680</b>	<b>2 349 099</b>	<b>71 507 661</b>	<b>46 090 263</b>	<b>165 057 504</b>
<b>Total for National Office: Administration</b>	<b>516 061 115</b>	<b>128 447 536</b>	<b>94 135 418</b>	<b>2 446 385</b>	<b>71 507 661</b>	<b>46 523 395</b>	<b>173 000 720</b>
Deputy Chief Electoral Operations	3 557 231	3 540 161	13 684	3 386	-	-	-
Delimitation, Voting, Counting, Results and By-elections	14 501 375	9 518 942	2 718 582	1 632 207	-	493 519	138 125
Electoral Matters	2 310 562	2 226 238	82 968	1 356	-	-	-
Candidate Nomination, Party Liaison, Voters Roll and Registration	47 877 080	4 997 035	40 895 958	103 095	11 287	-	1 869 706
Infrastructure, Courier Services	67 494 100	4 622 074	11 180 521	2 399 387	-	44 754 772	4 537 346
Logistics and Infrastructure	53 347	48 200	280	4 867	-	-	-
Logistics	80 355 876	6 537 729	7 604 695	8 019 577	29 064 495	16 203 676	12 925 704
<b>Total for Electoral Operations</b>	<b>216 149 572</b>	<b>31 490 379</b>	<b>62 496 687</b>	<b>12 163 875</b>	<b>29 075 782</b>	<b>61 451 967</b>	<b>19 470 881</b>



## Electoral Commission

Unaudited Detailed Income and Expenditure Statement by department for the year ended  
31 March 2018 (Appendix B)

Relevant strategic objective	Total expenditure	Personnel expenditure	Administrative expenditure	Consumables	Equipment	Land and Building rentals	Professional and other services
Civic Education, Research and Knowledge Management	7 535 496	4 112 716	3 320 606	38 264	-	-	63 910
Research, Library, Knowledge Management	5 194 128	3 651 730	368 272	951 886	-	-	222 240
Communication	44 729 695	4 654 645	35 361 966	423 155	-	-	4 289 929
Deputy Chief Electoral Outreach	3 140 810	3 066 543	61 356	12 911	-	-	-
<b>Total for Outreach</b>	<b>60 600 130</b>	<b>15 485 634</b>	<b>39 112 200</b>	<b>1 426 217</b>	<b>-</b>	<b>-</b>	<b>4 576 079</b>
<b>Total for National Office: Operations</b>	<b>276 749 701</b>	<b>46 976 013</b>	<b>101 608 887</b>	<b>13 590 093</b>	<b>29 075 782</b>	<b>61 451 967</b>	<b>24 046 960</b>
<b>Total for National Office</b>	<b>792 810 817</b>	<b>175 423 548</b>	<b>195 744 305</b>	<b>16 036 477</b>	<b>100 583 443</b>	<b>107 975 363</b>	<b>197 047 680</b>
Eastern Cape	91 595 644	86 310 431	2 206 130	125 883	-	2 143 329	809 872
Free State	38 915 822	35 317 728	1 174 316	130 871	-	1 791 022	501 884
Gauteng	47 892 277	44 452 116	881 994	165 410	-	2 065 920	326 838
KwaZulu-Natal	91 715 840	86 061 675	3 295 794	185 381	-	1 191 651	981 339
Mpumalanga	43 767 509	38 209 156	1 051 802	146 973	73 993	3 908 189	377 397
Northern Cape	39 801 273	35 843 629	1 563 356	105 172	53 820	1 903 470	331 827
Limpopo	60 500 589	56 332 412	1 555 718	86 518	-	1 988 308	537 633
North West	42 226 626	39 173 711	1 017 620	139 883	28 112	1 420 657	446 643
Western Cape	46 577 471	41 693 946	1 925 728	117 028	-	2 484 755	356 015
<b>Total for regional offices</b>	<b>502 993 051</b>	<b>463 394 804</b>	<b>14 672 456</b>	<b>1 203 118</b>	<b>155 925</b>	<b>18 897 302</b>	<b>4 669 447</b>
<b>Departmental Expenditure</b>	<b>1 295 803 868</b>	<b>638 818 352</b>	<b>210 416 761</b>	<b>17 239 595</b>	<b>100 739 368</b>	<b>126 872 664</b>	<b>201 717 127</b>
<b>Total income</b>	<b>1 317 251 164</b>						
<b>Surplus for the year</b>	<b>21 447 296</b>						
<b>Unutilised surplus at 31 March 2017</b>	<b>195 572 754</b>						
<b>Unutilised surplus at 31 March 2018</b>	<b>217 020 050</b>						





## **Electoral Commission**

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