



FREE STATE LEGISLATURE

# ANNUAL

# REPORT

2021/2022





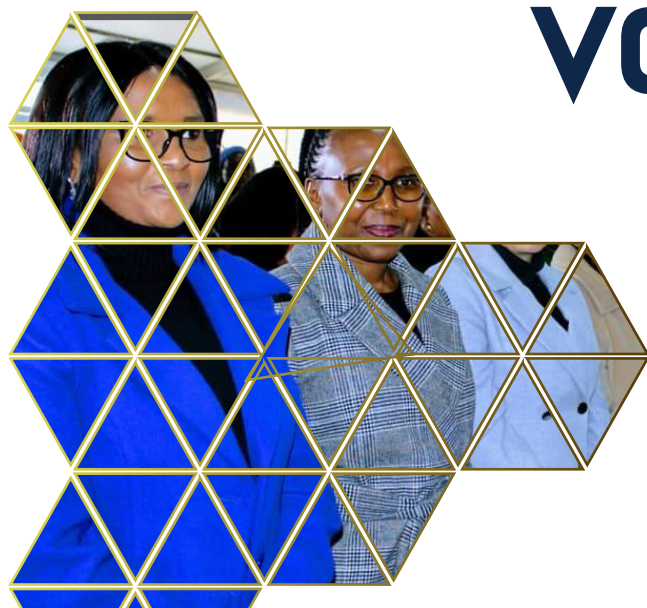


FREE STATE LEGISLATURE

# ANNUAL REPORT

FORTHE YEAR ENDING  
31 MARCH 2022

## VOTE 2



# FREE STATE LEGISLATURE ANNUAL REPORT 2021/22

Hon. NB Sifuba

Speaker of the  
Free State Legislature

I have the honour of submitting  
the Annual Report of the Free State  
Legislature for the period 1 April  
2021 to 31 March 2022.



**Mr. MJ Machaka**  
**Secretary to the Legislature**

**31 May 2022**





# COVID-19 PREVENTION

**at** Free State Legislature

Please protect yourself and others from getting sick.

**BEFORE ENTRY**

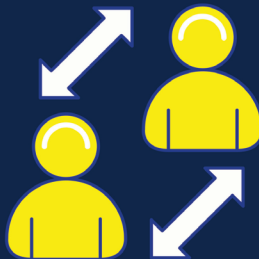


Temperature Checks



Sanitize Hands

**AT WORK**



Keep Safe Distance



Wear A Mask



Wash Hands Regularly

Help prevent the spread of Corona Virus by adhering to the strict lockdown regulations all the time.



Free State  
Legislature

FOR MORE  
INFORMATION



**(051) 407 1100**



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[LifeM@fsl.gov.za](mailto:LifeM@fsl.gov.za)



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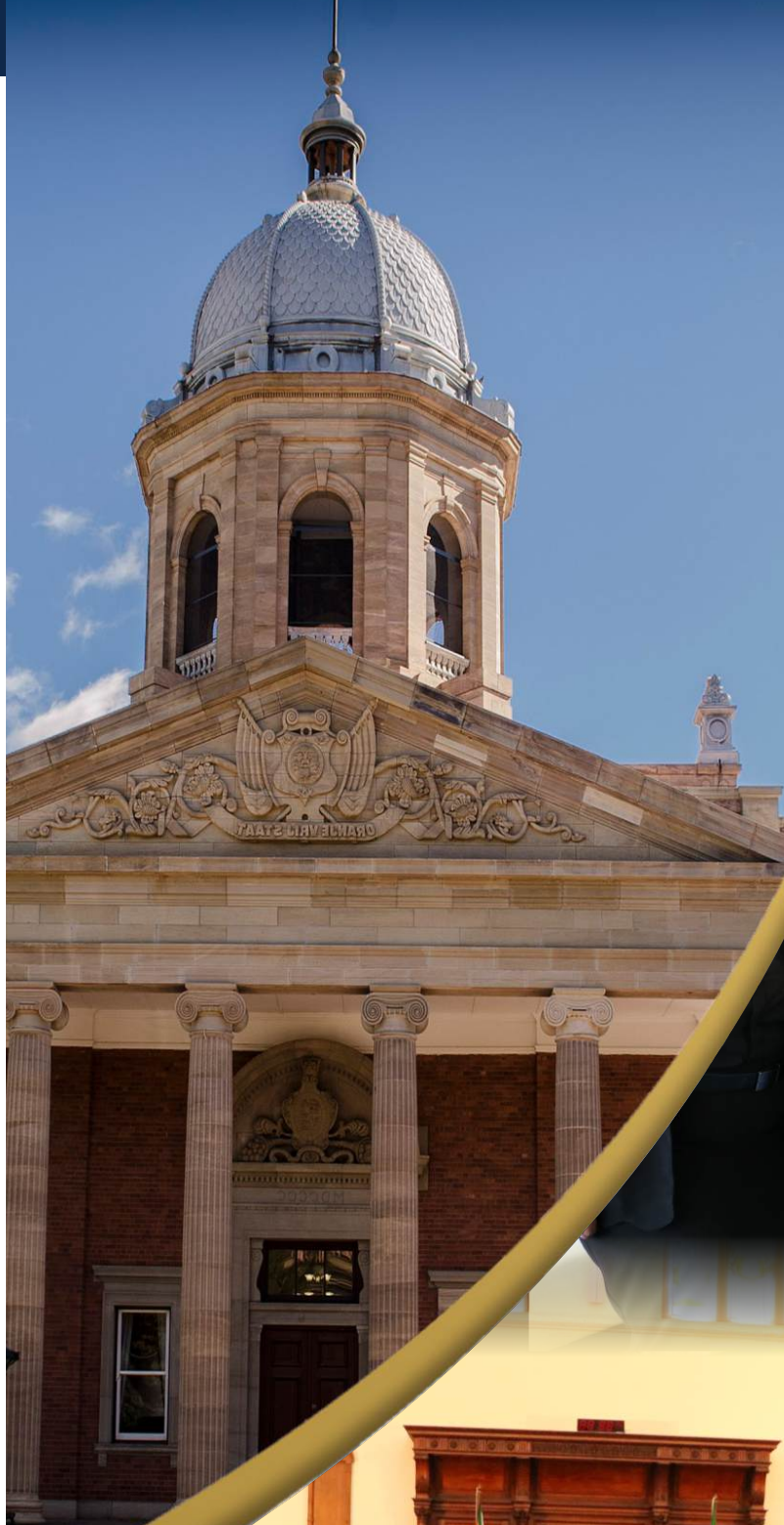


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# PART A

## GENERAL INFORMATION



# LEGISLATURE'S GENERAL INFORMATION

Free State Legislature



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## 2. LIST OF ABBREVIATIONS/ACRONYMS

The below table is a list of Abbreviations /acronyms used in this publication;

AO	Accounting Officer
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
CFO	Chief Financial Officer
DORA	Division of Revenue Act
EA	Executive Authority
HR	Human Resources
PFMA	Public Finance Management Act (Act 29 of 1999)
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act (Act 10 of 2009)
NCOP	National Council of Provinces
SCOPA	Standing Committee on Public Accounts and Finance
TAC	Tablings, Announcemnet and Committees (Programme of the Legislature)







# FOREWORD BY THE SPEAKER

Hon. Ntombizanele B Sifuba



“

As mandated by the Constitution, we continue to conduct oversight on the Executive and other Provincial Organs of the State through different mechanisms, including portfolio committees of the Legislature.





The presentation of this annual report comes at time when the country is still battling with effects of COVID 19 which has had devastating impact in our society. This coupled with the scourge of gender based violence and femicide which continues to haunt us. The recent floods we've experienced in country, with more severity in KwaZulu Natal have also brought other pressures as far as the economy is concerned, having destroyed the much needed infrastructure to build a sustainable economy.

We continue to work with chapter 9 & 10 institutions and other organisations that support democracy in order to ensure that we champion democracy as envisaged in our vision. We have to build together a society that stands on the principles of ubuntu, respect and dignity for all.

As mandated by the Constitution, we continue to conduct oversight on the Executive and other Provincial Organs of the State through different mechanisms, including portfolio committees of the Legislature. In this regard I wish to convey my gratitude to members of the Legislature for the sterling job they do to fulfil this important duty.

Public hearings conducted throughout the Province ensured that communities participate in the law-making and other processes as required by the Constitution. This is at the core of democracy, for the people to have a say in the formulation of the laws that govern our country.

The sectoral engagements we embark on as the Legislature also ensure that we interact with different sectors and stakeholders in our province. These platforms play a critical role in ensuring that we give opportunities for the people to raise ideas that can help us take the Institution forward and to assist with a number of matters that are put forward. In this way we are closing the gap between the people and the Legislature and with our government as we always invite members of Executive to speak on matters of public importance.

We have also embarked on outreach programs in an endeavour to assist the indigent and the destitute in our province. These programs came as a relief especially to those households that have lost some form of income due to COVID 19 and other reasons that led to loss of income. Our province continues to experience high levels of unemployment and poverty as the statistics keep showing.

We will continue to work with different stakeholders including chapter 9 & 10 institutions, Traditional Leaders, faith-based organisations, youth formations, community-based organisation to shape the future of our province. We will also continue to educate our people through public participation and education programs for the people to know their rights and responsibilities as citizens in this country.

In conclusion, I want the work force of the Legislature, led by the Secretary, Mr Machaka, to make sure that we achieve all that we have set ourselves to do. Indeed without them we would not pride ourselves to be "An Activist Legislature that champions democracy".

**Hon. NB Sifuba**

**Speaker: Free State Legislature**





#### **4. Report of the Accounting Officer**

Report by the Accounting Officer to the Executive Authority, the Speaker of the Legislature, and the Free State Legislature for the Annual Financial Statements for the financial year ending 31 March 2022 provides an overview of the financial performance and challenges of the Free State Legislature during the year under review.

##### **4.1 Overview of the operations of the Legislature**

The constitutional mandate of the Legislature is to perform oversight over the executive, to make laws and to facilitate public participation in its activities. The 2021-22 marks the third year of the sixth term.

The strategic plan for the sixth term encapsulates the vision of an activist legislature that champions democracy by translating it into an effective strategy and operational practices. Overall, an achievement of 95.4% was obtained against the Legislature's performance indicators.

##### **4.2 Overview of the financial results of the Legislature**

The constitutional mandate of the Legislature is to perform oversight over the executive, to make laws and to facilitate public participation in its activities.

The 2021-22 marks the third year of the sixth term. The strategic plan for the sixth term encapsulates the vision of an activist legislature that champions democracy by translating it into an effective strategy and operational practices. Overall, an achievement of 95.4% was obtained against the Legislature's performance indicators.

Financial reporting in the Report of the Accounting Officer, Report of Performance Information will be in accordance with modified cash reporting. The Legislature's vote still forms part of the Provincial Government of the Free State, who determines its appropriated funds on a modified cash basis. Due to this fact, the Legislature still has to report through its in-year reports and ultimately to support the Provincial Government of the Free State in its role to present a consolidated set of statements.

The financial reporting however, in terms of the Financial Management of Parliament and Provincial Legislatures, Act 10 of 2009, will be in accordance to General Recognised Accounting Principles (GRAP), with specific reference to financial information captured on Part E of this Annual Report.

The sixth Legislature made progress to provide an enabling environment for effective and efficient services rendered. Voted funds of R300,174 million were appropriated and the Legislature recorded a 96.8% spending. The financial position of the Legislature can therefore be reported as sound.



**4.2.1 Programme expenditure**

	2020-2021			2021-2022		
Programme name	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	148,305	135,854	12,451	159,700	155,237	4,463
Facilities and Benefits for Members & Political Parties	2,952	71,587	1,365	71,958	68,598	3,360
Parliamentary Services	43,393	39,066	4,327	41,405	40,972	433
Statutory – Members Remuneration	25,424	24,734	690	27,111	25,783	1,328
<b>Total</b>	<b>290,074</b>	<b>271,241</b>	<b>18,833</b>	<b>300,174</b>	<b>290,590</b>	<b>9,584</b>

**4.2.2 Virements / roll overs**

No virements to be reported upon.

**4.2.3 Discontinued activities**

No activities can be reported as discontinued.

**4.2.4 New or proposed activities**

Activities were performed as per Legislature programme.

**4.2.5 Supply Chain Management**

The high vacancy rate as well as capacity constraints do have a negative bearing on the SCM operations.

**4.2.6 Gifts and donations received in kind from non-related parties**

No gifts were received.

**4.2.7 Exemptions and deviations received from the National Treasury**

None recorded.

**4.2.8 Events after the reporting date**

The COVID-19 pandemic is reported, and further details regarding subsequent events will be reported under the accounting policies in Section E. The disclosure did however not materially influence the state of financial affairs for the reported period.

**4.2.9 Other**

The Fourth Raadsaal is used for convening of the sittings of the Free State Legislature, therefore all related party transactions paid in kind refer to the use of the Fourth Raadsaal. The Department of Public Works is responsible for the maintenance of the Raadsaal, while the South African Police Services does provide protection services at the National Key Point, Fourth Raadsaal.



No material fact or circumstances which may have an effect on the understanding of the financial state of affairs can be reported upon. I wish to place on record my appreciation towards the Speaker and Deputy Speaker, Members of the Legislature as well as management and staff who constructively supported the institution throughout the reported period.

#### **APPROVAL**

The annual financial statements set out on pages 100 to 152 have been approved.

A handwritten signature in black ink, consisting of a large, stylized 'M' and 'J' followed by a horizontal line.

**MJ Machaka**

**Secretary to the Legislature**



4.3

### **Statement of responsibility and confirmation of the accuracy of the Annual Report**

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

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The Annual Financial Statements have been prepared in accordance with the general recognised accrual principles (GRAP) standard.
- I am responsible for the preparation of the annual financial statements and for the findings made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been 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 are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Legislature for the financial year ended 31 March 2022.

Yours faithfully

MJ Machaka

Secretary to the Legislature

31 May 2022



#### **4.4 Strategic Overview**

##### **4.4.1 Vision**

An Activist Legislature that champions democracy

##### **4.4.2 Mission**

A modern institution of democracy that promotes good governance and a culture of human rights through public participation, law-making and oversight that is vigilant, dynamic, proactive and responsive.

##### **4.4.3 Values**

The work of the Free State Legislature is conducted on a platform of a formalised set of values. The values are the set of beliefs that guide the management of the Legislature. It is the foundation of policies that provide guidance in the implementation of services and projects.

- Integrity (honesty)
- Accountability (responsibility)
- Loyalty (commitment)
- Respect for diversity
- Openness and transparency
- Fairness
- Empowering
- Innovation (creativity)

#### **4.5 Legislative and other mandates**

##### **4.5.1 Constitutional mandate**

Section 10 (1) of the Constitution of the Republic of South Africa, 1996, provides that: “The legislative authority of a province is vested in its provincial legislature. Section 114(1) and (2) of the Constitution provide further for the powers of a Provincial Legislature to include; (a) the consideration, passing, amendment or rejection of bills; (b) to initiate or prepare legislation, except money bills; (c) to ensure that all provincial executive organs of state in the province are accountable to it and (d) to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation and any provincial organ of state.

Section 118 (1) and (2) of the Constitution requires the Legislature to:

Facilitate public involvement in the legislative and other processes of the legislature and its committees;

Conduct its business in an open manner, and hold its sittings, and those of its committees, in public, but reasonable measures may be taken:

- i) To regulate public access, including access of the media, to the legislature and its committees; and
- ii) To provide for the searching of any person and, where appropriate, the refusal of entry to, or the removal of, any person.

Subsection 118(2) provides that a provincial legislature may not exclude the public, including the media, from a sitting of a committee unless it is reasonable and justifiable to do so in an open and democratic society.



#### 4.5.2 Legislative mandate

In addition to its constitutional mandate and obligations, the general and specific powers of the Legislature are set out in Rules 127 to 130 of the Standing Rules and Orders.

The key legislative framework relating to the establishment and composition of the Legislature as well as matters relating to elected representatives and political parties and matters incidental thereto of which the Legislature is directly responsible for implementing and managing are-

- The Financial Management of Parliament and Provincial Legislatures Act, 2009
- Independent Commission for the Remuneration of Public Office Bearers Act, 1998
- Remuneration of Public Office Bearers Act, 2000
- National Council of Provinces (Permanent Delegates Vacancies Act), 1997
- Determination of Delegates Act, 1998
- Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004;
- Powers, Privileges and Immunities of the Free State Provincial Legislature Act, 2009
- Mandating Procedures of Provinces Act, 2008
- Free State Political Party Fund Act, 2008
- Free State Petitions Act, 2008
- Labour Relations Act, 1995
- Basic Conditions of Employment Act, 1997
- Human Rights Commission Act, 1994
- Income Tax Act, 1962
- Legal Deposit Act, 1997
- Pan South African Language Board Act, 1995
- Promotion of Access to Information Act, 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2002
- Public Finance Management Act, 1999
- Public Protector Act, 1994
- Skills Development Act, 1998
- Value Added Tax Act, 1999
- Electoral Act, 1998
- Promotion of Administrative Justice Act, 2000
- Preferential Procurement Framework Act, 2000
- Protected Disclosures Act, 2000
- Intergovernmental Relations Framework Act, 2005
- Local Government: Municipal Finance Management Act, 2003





- Financial and Fiscal Commission Act, 1997
- Occupational Health and Safety Act, 1993
- Compensation for Occupational Injuries and Diseases Act, 1993
- Employment Equity Act, 1998
- Unemployment Insurance Act, 2001
- Unemployment Insurance Contributions Act, 2002
- National Key Points Act, 1980
- Free State Provincial Archives Act, 1999.

#### 4.5.3 Policy mandates

The Legislature has developed a range of policies pertaining to elected representatives, political parties, staff and various institutional practices in order to guide and regulate the daily implementation of services and projects.

In respect of such policies, the review highlighted the need to ensure that existing shortcomings and weaknesses are identified and that key legislation and good governance frameworks, such as King reports on governance and good business practices, are incorporated into the existing policy framework.

The provincial growth and development strategy and the strategies developed by the Executive are the key points of departure that define the priorities for the province. Within this framework, the Legislature has to engage with and identify whether there are any gaps or whether enabling policy is required to support the achievement of provincial goals. The Legislature also has to prioritise how it will meaningfully perform oversight to ensure delivery against the stated strategies. In this regard, it must intelligently assign its resources and tactically form partnerships with civil society

#### 4.5.4 Executive Authority

Section 3 (2) of FMPPLA states: “in such application, a reference in the Act to (c) the Speaker of the National Assembly or the Chairperson of the National Council of Provinces must be construed as a reference to the Speaker of the Provincial Legislature concerned.”

The Legislature elects a Speaker from amongst its Members in terms of section 111(1) and (2) of the Constitution.

#### 4.5.5 Elected Representatives

- The Policy on Payment of Benefits, Facilities and Allowances to Members of the Free State Legislature provides for and outlines the conditions under which enabling facilities are made available to elected representatives. This policy addresses enabling facilities such as:
  - (i) Accommodation and relocation costs,
  - (ii) Communication facilities,
  - (iii) Travelling facilities,
  - (iv) Subsistence allowances,
  - (v) Study-aid for elected representatives,
  - (vi) Remuneration,
  - (vii) Facilities for Members with special needs and
  - (vi) Accident insurance.
- Code of Conduct and Ethics for Members of the Legislature (as contained in the Standing Rules and Orders).



#### **4.5.6 Political Parties**

The Policy on Funding of Political Parties represented in the Free State Legislature that provides for and outlines the conditions under which enabling facilities are made available to elected representatives. This policy addresses enabling facilities such as (i) accommodation and relocation costs, (ii) communication facilities, (iii) travelling facilities, (iv) subsistence allowances, (v) study-aid for elected representatives, (vi) remuneration, (vii) facilities for Members with special needs and (vi) accident insurance.

#### **4.5.7 Administrative policies of the Legislature**

- (a) Code of Conduct for the Disclosure of Financial Interests for Employees of the Free State Legislature**
- (b) Policy on Communication Services**
- (c) Policy on Disciplinary and Grievance Procedures**
- (d) HIV/AIDS**
- (e) Policy on Housing**
- (f) Policy on HR Management**
- (g) Policy on Information Technology**
- (h) Policy on Leave**
- (i) Policy on Overtime**
- (j) Policy on Library Services**
- (k) Policy on Probation**
- (l) Policy on Provision of Uniforms**
- (m) Policy on Salary Advances**
- (n) Policy on Transport**
- (o) Policy on Supply Chain Management**
- (p) Policy on Funding of Political Parties (amended)**
- (q) Server Baseline Policy**
- (r) Patch Management Policy**
- (s) IT Steering Charter**
- (t) Information Systems Security Policy**
- (u) Information Systems Disaster Recovery Plan**
- (v) Account Management Policy**

#### **4.5.8 Legislation covering establishment and composition of Legislature as well as matters relating to elected representatives and political parties and matters incidental thereto**

- a) The Financial Management of Parliament and Provincial Legislatures Act, 2009;
- b) Independent Commission for the Remuneration of Public Officer Bearers Act, 1998;
- c) Remuneration of Public Office Bearers Act, 2000;
- d) National Council of Provinces (Permanent Delegates Vacancies Act), 1997
- e) Determination of Delegates Act, 1998.
- f) Powers, Privileges and Immunities of the Provincial Legislature Act (Act 3 of 1996), (specifically the financial arrangements as set out in the Act);
- g) Powers, Privileges and Immunities of Parliament and the Provincial Legislatures Act (Act 4 of 2004 to the extent that it is applicable);
- h) Mandating Procedures of Provinces Act, 2008'
- i) Free State Political Party Fund Act, 2008 and
- j) Free State Petitions Act, 2008



#### 4.5.9 Legislation covering financial and administrative management

- a) Basic Conditions of Employment Act, 1997;
- b) Fixing of Remuneration and other conditions of service of staff of the Free State Legislature Act, No 8 of 1994;
- c) Human Rights Commission Act, 1994;
- d) Income Tax Act, 1962;
- e) Labour Relations Act, 1995;
- f) Legal Deposit Act, 1997;
- g) Pan South African Language Board Act, 1995;
- h) Powers, Privileges and Immunities of the Provincial Legislature Act (Act 3 of 1996);
- i) Promotion of Access to Information Act, No 2 of 2000;
- j) Promotion of Equality and Prevention of Unfair Discrimination Act, No 52 of 2002;
- k) Public Finance Management Act (PFMA), Act No 1 of 1999 (as amended by Act 29 of 1999);
- l) Public Protector Act, 1994;
- m) Skills Development Act, 1998
- n) Value Added Tax Act, 1991

#### 4.6 Organisational Structure

##### The Presiding Officers of the Legislature:

The Speaker to the Legislature is Hon Sifuba, NB

The Deputy Speaker is Hon Mapena, LN

The Chair of Chairs is Hon Buti, MP

##### The Secretariat Officials:

The Secretary to the Legislature is Mr. Machaka, JM

The (Acting) Deputy Secretary to the Legislature is Mr. Mogotsi, LM

The Chief Financial Officer is Mr. Hugo, Q

#### 4.7 POLITICAL LANDSCAPE OF THE FREE STATE LEGISLATURE

##### 4.7.1 Political Parties represented in the Legislature

The seat allocation of the Legislature:

Political Party	No of Seats
African National Congress	19
Democratic Alliance	6
Economic Freedom Fighters	4
Freedom Front Plus	1

##### 4.7.2 Determination of Whips to Political Parties

- a) The Multi-party Whips' committee performs the functions and responsibilities assigned to it by the Standing Rules and Orders. Such functions and responsibilities relate to both administrative and procedural matters. The Whips are also assigned specific functions by the respective political parties that may relate to Members' discipline, constituency offices and the administration of funds allocated to political parties in terms of the Policy on Funding of Political Parties in the Legislature.



- b) The formula for the allocation of Whips to political parties were not reviewed or amended during the financial year under review
- c) The following Members served as Whips for their respective political parties as at 31 March 2020;
  - i) Chief Whip (ANC and Legislature): Hon. TP Meeko
  - ii) ANC Deputy Chief Whip: Hon. MS Moleleki
  - iii) DA: Hon. D.E. Janse van Vuuren
  - iv) EFF: Hon. IM Majake
  - v) FF+: Hon. A.B Cloete (Leader of the minority party)

#### 4.7.3 Official Opposition

The Democratic Alliance, holds 6 seats in the Legislature and is the Official Opposition.

#### 4.7.4 Remuneration of Elected Representatives

- a) The remuneration of political representatives is determined by the Independent Commission on Remuneration that submits its recommendations annually to the President. Salary increases were effected only for specific categories of Members of the Legislature for the 2020/21 financial year.

### Public Representatives

#### ANNEXURE ONE

#### Members of the Provincial Legislature as at 31 March 2022 [Excluding Premier and MECs]

Member	Political Party	Portfolio
Hon NB Sifuba	ANC	Speaker
Hon LN Mapena	ANC	Deputy Speaker
Hon JM Radebe	ANC	Chairperson of Chairpersons of Committees Chairperson: Agriculture & Rural Development, Small Business and Sports, Arts, Culture and Recreation
Hon TP Meeko	ANC	Chief Whip Chairperson: Public Accounts and Finance
Hon MS Mashinini	ANC	Chairperson: Cooperative Governance, Traditional Affairs, Office of the Premier, Legislature and Police
Hon HC Smith	ANC	Chairperson: Education, Health and Social Development
Hon MS Moleleki	ANC	Chairperson: Public Works, Infrastructure, Roads, Transport and Human Settlement
Hon VW Tshabalala	ANC	Member
Hon M Makesini	EFF	Leader of a Minority Party
Hon IM Majake	EFF	Whip
Hon MJ Msimanga	EFF	Member
Hon LJ Nanyane	EFF	Member



Hon R Jankielsohn	DA	Leader: Official Opposition
Hon D van Vuuren	DA	Whip : Official Opposition
Hon M Pittaway	DA	Member
Hon LM Kleynhans	DA	Member
Hon LJ Letuka	DA	Member
Hon. K Khakhau	DA	Member
Hon AB Cloete	FF+	Member Leader of minority party

#### 4.7.5 Permanent Delegates to the National Council of Provinces as at 31 March 2022

Member	Political Party
Hon L Moshodi	African National Congress
Hon SJ Mohai	African National Congress
Hon I. Ntsube	African National Congress
Hon G Michalakos	Democratic Alliance
Hon M Moletsane	Economic Freedom Fighters
Hon. A De Bruyn	Freedom Front Plus

#### 4.7.6 Members of the Executive Council as at 31 March 2022

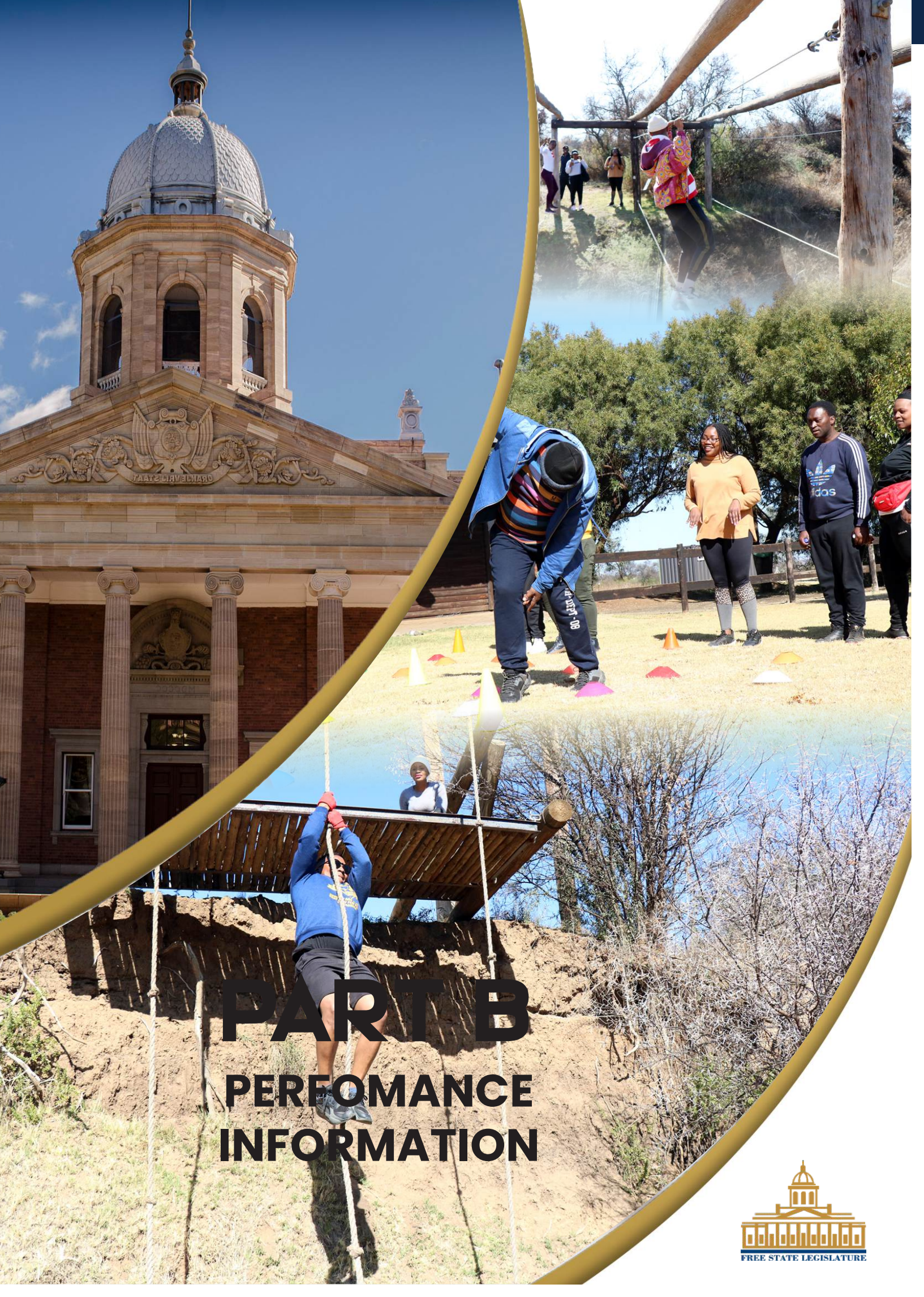
Member	Portfolio
Hon Ntombela, SH	Premier
Hon Mohale, MP	MEC: Economic, Small Business, Tourism and Environmental Affairs
Hon Qabathe, MG	MEC: Social Development
Hon Makgoe, PHI	MEC: Education
Hon Brown, G	MEC: Treasury
Hon Nxangisa, ST	MEC: Agriculture and Rural Development
Hon Mahasa, L	MEC: Sport, Arts, Culture & Recreation
Hon Bulwane, KW	MEC: Police, Roads and Transport





Hon MA Dukwana	MEC: Cooperative Governance and Traditional Affairs
Hon Koloi MA	MEC: Public Works, Infrastructure and Human Settlements
Hon Tsiu, MM	MEC: Health





# **PART B**

## **PERFORMANCE INFORMATION**



**PART B: PERFORMANCE INFORMATION****PERFORMANCE INFORMATION****5. Voted Funds**

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
MCS	R258 823	R300 174	R290 590	R9 584

Executive Authority	Speaker
Administering Entity	Free State Legislature
Accounting Officer	Secretary to the Legislature

**5.1 Aim of Vote**

- The aim of Vote 2: Provincial Legislature is to provide for the procedural and administrative support services required by the Legislature to fulfil its constitutional functions, *inter alia*, the consideration of legislation, the performance of monitoring and oversight functions, ensuring accountability by the Executive Council as well as facilitating and enhancing public participation in the legislative processes.
- The Vote aims to provide the necessary and required facilities to the House, its Committees and Members and to enable political parties represented in the Legislature to secure administrative support services and to serve constituents.
- The Vote also provides for the remuneration of elected representatives and employees of the Legislature.

**Overview of the Legislature's Performance****5.2 Service delivery environment**

The Legislature has a constitutional mandate. The strategic plan for the period (2019 – 2024) is supported by the Annual Performance Plan. The Legislature compiled a Strategic Plan and Annual Performance Plan for the sixth term.

**5.3 Organisational environment**

The organizational structure of the Legislature numbers 194 posts. The permanent staff complement was 141 for the reported period, which equates to 72.7% filling of the structure. Funded vacancies under the Office of the Secretary, CFO (Finance) and Public Participation have been filled effective from April 1, 2021.



## 5.4 Key policy developments and legislative changes

No legislative changes have been made. Financial Regulations have been drafted, but not yet adopted.

## 5.5 Strategic Outcome Oriented Goals

### Strategic outcome oriented goals of the institution

<b>Strategic Goal 1</b>	<b>Providing Leadership and strategic management in the Free State Legislature</b>
Goal Statement	To develop an effective and efficient institution through improvement of institutional governance and policies, modern systems and technologies, as well as the development of human resource.
Justification	Deepening parliamentary democracy, separation of powers and checks and balances is possible only with a competent administration built on skills and sound governance, policies and systems.
Links	Improvement of service delivery Maximising efficiency and value for money Customer satisfaction, responsiveness and all other Batho Pele principles
<b>Strategic Goal 2</b>	<b>Support to Public Representatives and Political Parties</b>
Goal Statement	To create a conducive environment and increase the skills and provide resources to Members and Political Parties
Justification	Members must be empowered to fulfil their responsibilities as such and political parties play an important role in the political representation
Links	Building a dynamic and vibrant democracy This will further strengthen engagement with constituents
<b>Strategic Goal 3</b>	<b>Conduct Oversight and ensure accountability over the provincial organs of state and municipalities</b>
Goal Statement	Enhancement of the quality of oversight and accountability on the performance of provincial organs of state and the mechanisms for their accountability
Justification	Increasing the compliance of the Executive with the constitutional obligations of accountability and pursuing concrete results through the oversight process
Links	Accountability, openness and transparency are cardinal principles that permeate the constitution and underpin a society envisaged therein
<b>Strategic Goal 4</b>	<b>Facilitate public involvement in the legislative and other processes of the Legislature and its committees</b>
Goal Statement	Proactively Design public education programmes and mobilise public to participate in the processes of the Legislature transformation and nation-building
Justification	The constitution demands of the Legislature to conduct its business openly and to ensure that the people are involved in its process. It is in the context of this goal that the legislature will seek to promote and protect the rights and freedoms of its citizens.
Links	This goal is linked to the broader national goal of deepening participatory democracy and contribute to building a dynamic and vibrant democracy in the country
<b>Strategic Goal 5</b>	<b>Providing Leadership and strategic management in the Free State Legislature</b>
Goal Statement	Facilitate public involvement in the legislative and other processes of the Legislature and its committees
Justification	Exercise constitutional legislative authority geared at positively impacting of socio-economic conditions of people and the attainment of basic human rights
Links	The main service delivery challenges are essentially linked to the development and nurturing of the democratic processes and practices of a developmental society.



## 5.6 Performance Information – by Programme.

The Annual Performance Plan forms the basis of reporting on performance. Quarterly reports have been produced to assess the Legislature's achievements and challenges. The following report is based on the Annual Performance Plan 2020/21 whereby the outcomes of quarterly assessments have been incorporated.

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

The performance plan of the Legislature listed 21 strategic objectives and 64 performance indicators, recorded an achievement rate of 95.4% on performance indicators.

Programmes	Number of performance indicators	Achieved	Not achieved	Comment
Institutional Leadership	45	42	3	Schedule and Legislature programme misalignment
Core Business	18	13	5	The varying indicators were not aligned to the target, and further there were no legislatures reviews to the bills 2021/2022
International Relations	1	1	0	Achieved
Members and Political Parties Support	2	2	-	Achieved
Total	66	58	8	



### Programme 1: Institutional Leadership

- a) Programme 1: Administration provides for the core political and administrative management of the institution through the Office of the Speaker and the Office of the Secretary whilst also delivering a support service to other programmes in the budget vote through the Finance and Corporate Services divisions. It facilitates the legislative and oversight functions through the programmes of the Household- and Portfolio Committees and provides institutional support and corporate services.
- b) The sub-programme structure comprises of the following:
- i) The Office of the Speaker includes all activities of the Office of the Presiding Officers, including the funding of programmes and activities of Household – and Portfolio Committees.
  - ii) The Office of the Secretary to the Legislature includes (1) Strategic Management Directorate, (2) the Internal Audit unit, (3) Security Unit and (4) Communication and Marketing Unit.
  - iii) The Finance Division includes the (1) Financial Management Directorate, (2) Supply Chain Management Directorate
  - v) The Corporate Services Division includes (1) the Human Resources Directorate and (2) the Institutional Support Directorate.

#### 5.7.1 Programme Performance

The evaluation of performance is based on the number of performance indicators which have been achieved or not (fractions permitted). Programme 1: Institutional Leadership recorded overall achievement of its listed performance indicators.

Subprogramme	Number of performance indicators	Achieved	Not achieved	Comment
Office of the Speaker	4	2	2	Schedule and Legislative programme misalignment
Office of the Secretary	15	14	1	Comment Required
Finance	14	14	-	-
Corporate	14	10	4	Schedule and Legislative programme misalignment
Total	47	40	7	-



### 5.7.2 Office of the Speaker

Direct support services are rendered to ensure that the Office is able to meet its objectives and requirements. These include political, administrative and operational matters. The sub-programme also provides for the activities of Household – and Portfolio Committees to ensure that both institutional governance priorities as well as key responsibilities for oversight and accountability are addressed. Facilitation and interaction with the Executive Council and local government are also accommodated in the office.

Sub- Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Speaker	17 350	13 273	4 077	21 446	20 108	1 338

#### Programme 1: Institutional Leadership

##### Sub-programme : Office of the Speaker

Programme Indicator	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
To provide Executive leadership and management in the Legislature	Strengthened divisional strategic and financial management functions	Monitor macro-political and administrative direction and systems to the business of the Legislature through Quarterly and one divisional performance reports, quarterly expenditure to be submitted	4 Quarterly Compiled	No Deviation	None
Performance Indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations





Monitor macro-political and administrative direction and systems to the business of the Legislature through Quarterly and one divisional performance reports, quarterly expenditure to be submitted	Quarterly divisional performance reports be submitted	Monitor macro-political and administrative direction and systems to the business of the Legislature through Quarterly and one divisional performance reports, quarterly expenditure to be submitted	4 Quarterly Compiled	No Deviation	None
Number and timeframe of statutory reports received and processed	Two (2) budgets submissions received and processed	Two (2) budgets submissions received and processed	Not Achieved	No Body of Evidence to confirm the indicator.	No Body of Evidence to confirm the indicator.
Strengthened divisional strategic and financial management functions and enhanced business systems of the Legislature through sound financial management, accountability, professional ethics and effective management of resources	In-year reporting (monthly financial statements) submitted to the Executive Authority and Provincial Treasury	In-year reporting (monthly financial statements) must be submitted to the Executive Authority and Provincial Treasury	4 x In-Year Monthly financial reporting submitted to the executive	Body of Evidence to confirm the indicator.	No Body of Evidence to confirm the indicator.
<b>Programme Indicator</b>	<b>Actual Achievement 2021/22</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Enhancement of stakeholder partnerships with institutions supporting democracy (Chapter 9 & 10)	Develop working relations with institutions supporting democracy (Chapter 9 and 10)	Develop working relations with institutions supporting democracy (Chapter 9 and 10)	6 x Meetings were held with institution supporting democracy (Chapter 9/10)	No Deviation	None



Performance Indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Develop working relations with Chapter 9 and 10 institutions	Develop working relations with institutions supporting democracy (Chapter 9 and 10)	Develop working relations with institutions supporting democracy (Chapter 9 and 10)	6 x Meetings were held with institution supporting democracy (Chapter 9/10)	No deviation	None

### 5.7.3 Office of the Secretary

- The Office of the Secretary bears responsibility for the overall effective and efficient management and administration of the Legislature. The accounting officer is responsible for all aspects relating to the provision of support services, i.e. corporate, financial, procedural and legal, to create an enabling environment in which the Legislature effective and efficiently executes its constitutional mandate and functions.
- The Public Participation and Education Unit supports the Secretary to the Legislature in the implementation of the core function of the Legislature to facilitate public participation and involvement in the Legislature's processes.
- The Internal Audit Unit supports the Secretary to the Legislature to ensure compliance with relevant provisions of the Finance Act which regulates the financial administration of the institution as well as with the standards and practices of the Institute of Internal Auditors. The role of the unit is not only limited to the execution of audits and ensuring fraud and corruption prevention, but also ensures that the Legislature receives maximum value from expended resources.
- The Security Unit assists the Secretary to the Legislature to comply with the MISS as directed by the national cabinet. The unit is also responsible for the security of users and property of the Legislature and is responsible for the development of appropriate policies and procedures in this regard. The unit ensures cooperation and interaction with government and private security service providers.

Sub- Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Secretary	45 152	42 707	2 445	55 635	55 992	(357)



<b>Programme 1 : Institutional Leadership</b>					
<b>Sub-programme: Office of the Secretary</b>					
<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Provide strategic direction and leadership to the Legislature	Ensure implementation of all resolutions passed in the House and its Committees	Oversee implementation of resolutions	Only 2 x Resolutions of the House were processed.	Deviation  Only 2 x Reports received to confirm an indicator	Only 2 x Reports received to confirm an indicator
Ensure effective corporate and financial governance for the legislature	-	Four (4) quarterly meetings held by each of the four (4) corporate governance structures	4 x quarterly meetings held by each of the four (4) corporate governance structures	No Deviation	None
Provide risk management services to Promote good corporate governance within the Legislature by 2022	-	Risk management plan developed and monitored quarterly and report compiled	4 x Risk management plan developed and monitored quarterly and report compiled	No Deviation	None
Improve co-ordination and monitoring of institutional security services by 2022	Report by Joint Provincial Committee	Legislature security programme implemented and four (4) quarterly reports compiled	4 x quarterly reports compiled	No Deviation	None
Number and frequency of website publishing	15 Website updates published and achieved	15 Website updates published and achieved	54 x website were published	No Deviation	New Indicator
Public and Media relations services.	15 public relations materials produced and achieved	15 public relations materials produced and achieved.	24 x Livestreaming videos created. 21 x photography services provided. 10 x design created, and 54 x website were published.	No Deviation	New Indicator



Frequency and numbers of internal and external communication, Multimedia production services (photography, recordings, and videography) and design	5 Livestreaming videos created. 10 photography services provided. 10 Design created	5 Livestreaming videos created. 10 photography services provided. 10 Design created	24 Livestreaming videos created. 21 photography services provided. 10 designs created	No Deviation	New Indicator
<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Ensure implementation of all resolutions passed in the House and its Committees	Monitoring of implementation of House Resolutions	Oversee implementation of resolutions	Only 2 x Reports received to confirm an indicator	Deviation Only 2 x Reports received to confirm an indicator	Only 2 x reports received to confirm an indicator
Timeframe for developed Annual Performance Plan in line with five-year strategy	Annual Performance Plan developed in line with five-year strategy developed on the 31st January 2021	Annual Performance Plan developed in line with five-year strategy developed on the 31st January 2021	1 x Annual Performance Plan Developed	No deviation	None
Number and frequency of performance assessment and quarterly reports developed	One (1) mid-year Assessment and (4) quarterly performance reports and (1) annual report was compiled	One (1) mid-year and Four (4) quarterly performance reports and (1) annual report compiled and submitted	1 x mid-year and Four (4) quarterly performance reports and (1) annual report compiled and submitted	No deviation	None
Number of Legislature Management Meetings held and number of reports compiled	Legislature Management Meetings held three (3) times a year and report compiled for each session	Legislature Management Meetings held three (3) times a year and report compiled for each session	18 x Legislature Management Meetings held	No deviation	None



Number and frequency of reports compiled on activities of corporate governance structures	Four (4) quarterly meetings held by each of the corporate governance structures	Four (4) quarterly meetings held by each of the corporate governance structures	4 x quarterly meetings held by each of the corporate governance structures	No deviation	None
Timeframe for developed risk management plan and number of reports compiled	Risk management action plan developed annually and three (3) quarterly reports compiled	Risk management action plan developed annually and three (3) quarterly reports compiled	3 x Risk management action plan developed	No deviation	None
Timeframe for the implementation of the security programme and number of reports compiled	Report by Security Cluster on Joint Provincial Committee	Legislature security programme implemented and four (4) quarterly reports compiled	4 x Legislative s	No deviation	None
Number and frequency of internal and external newsletters produced	Three (3) internal newsletters produced	Three (3) internal newsletters produced	The indicator is not the APP	The indicator is not the APP	The indicator is not the APP
<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Provide internal audit service to improve the effectiveness of internal control processes and procedures of the Legislature by 2021	Internal Audit Charter developed.	Internal audit charter reviewed	1 x Internal Audit Charter reviewed	No deviation	None
	Three-year-risk-based internal audit plan developed and reviewed.	Three-year risk-based internal audit plan developed and reviewed annually	1 x Three Year Risk-Based internal audit plan developed.	No deviation	None
	One-year internal audit operation plan developed. Four quarterly internal audit progress reports compiled.	One-year internal audit	1 x a One-yearly internal audit conducted.	No deviation	None



Programme performance indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Timeframe for review of internal audit charter and audit committee charter	Internal Audit Charter developed.	Three-year risk-based internal audit plan reviewed annually	1 by 3-year risk-based internal audit plan reviewed annually	No deviation	None
Timeframe for reviewed three-year risk-based audit plan and developed one-year operational plan	Three-year-risk-based internal audit plan developed and reviewed.	Three-year risk-based internal audit plan reviewed annually	1 by Three-year risk-based internal audit plan reviewed annually	No deviation	None
Timeframe for the development of the one-year audit operational plan and number and frequency of reports compiled	One-year internal audit operation plan developed. Four quarterly internal audit progress reports compiled.	One-year audit operational plan developed and four (4) quarterly audit reports compiled	Four (4) quarterly audit progress reports compiled	No deviation	None

#### 5.7.4 Finance

		2020/21		2021/22		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Finance	51 614	48 012	3 602	50 207	447 141	3 066



<b>Programme 1: Institutional Leadership</b>					
<b>Sub Programme: Finance</b>					
<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
To Provide Executive Leadership & Management in the Legislature	Strengthened divisional strategic and financial management functions	Strengthened divisional strategic and financial management functions	4 Strategic and Financial Reports compiled and submitted	No deviation	None
Rendering of an effective and efficient Financial Management Service	1 Annual Report submitted before the due date 3 months after year end	1 Annual Report submitted before the due date 3 months after year end	1 x Annual Report submitted	No deviation	None
<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Number of annual financial statements submitted by the due date	1 Annual Report submitted before the due date 3 months after year end	1 Annual Report submitted before the due date 3 months after year end	1 x Annual Report submitted	No deviation	None
Number of bi-annual financial statements submitted by the required due date	2 Bi-Annual Financial reports as on 31 March and 30 September	2 Bi-Annual Financial reports as on 31 March and 30 September	2 x Bi-Annual Financial Reports submitted.	No deviation	None
Number of quarterly In--Year--Monitoring (IYM) narrative reports to track expenditure and identify early warning signals	4 expenditure IYM per Quarter	4 expenditure IYM per Quarter	4 x IYM Reports submitted	No deviation	None



Number of finalized Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date	1 Annual Estimate and 1 Adjustment of Estimates of Provincial Revenue and Expenditure	1 Annual Estimate and 1 Adjustment of Estimates of Provincial Revenue and Expenditure	1 x Annual Estimates and 1 x Adjustments of Estimates.	No deviation	None
Bank Reconciliations completed before due date	12 Monthly bank reconciliations to be prepared	12 Monthly bank reconciliations to be prepared	12 x Bank Recons compiled and submitted	No deviation	None
100% of payments processed to Creditors as submitted by SCM/ 100% payments sundry payments including S&T without errors	100% Payments processed correctly and timeously	100% Payments processed correctly and timeously	100% of Payments processed	No deviation	None
Monthly Payroll maintenance	12 monthly salary payments and interface	12 monthly salary payments and interface	12 x Monthly Salaries Paid	No deviation	None





<b>Programme 1: Institutional Leadership</b>					
<b>Sub Programme: Supply Chain Management</b>					
<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Facilitate the efficient rendering of integrated SCM	Maintain database and supplier compliance	Maintain database and supplier compliance	4 x Quarterly Regular Reports on Suppliers Compliance compiled	No deviation	None
	Maintain effective warehouse management	Maintain effective warehouse management	12 x Monthly Warehouse Management Reports compiled	No deviation	None
	Maintain effective asset management	Maintain effective asset management	4x Quarterly Asset Management Reports compiled	No Deviation	None
<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Regular system reports on database updates	Maintain database and supplier compliance	Maintain database and supplier compliance	12 x Monthly Regular Reports on Suppliers Information Updates and compliance.	No deviation	None
Frequency of stock count performed, reconciled, and reported	Maintain effective warehouse management	Maintain effective warehouse management	12 x Monthly Warehouse Management Reports compiled	No deviation	None



Frequency of assets verification performed, movements (acquisition, transfers, disposal) updated and reported	Maintain effective asset management	Maintain effective asset management	4 x Quarterly Asset Management and Verification Reports compiled	No Deviation	None
Frequency and timeframe of supplier accounts reconciled and reported	Maintain supplier accounts management	Maintain supplier accounts management	100% of Payments processed and confirmed.	No deviation	None
Improved percentage/number of compliance in procurement / transactions	Maintain compliance to regulations in procurement	Maintain compliance to regulations in procurement	4 x Quarterly Regulations Compliance Register processed and submitted	No deviation	None

**Programme 1: Institutional Leadership****Sub Programme: Human Resource Management**

<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
To ensure effective management and implementation of Human Resource Management services	Report on the review and implementation of all HR policies in the organization, Implementation of Equity plan, HIV/AIDS and employee wellness programmes. Training of staff and capacity building for Members.	Report on the review and implementation of all HR policies in the organisation, Implementation of Equity plan, HIV/AIDS and employee wellness programmes. Training of staff and capacity building for Members.	Only 7 x Policies are under review	Deviations recorded on 3 x areas	The stagnation due to the unresolved issues at the bargaining forum has held back the approval process of policies.



Programme performance indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Timeframe and provision of integrated Human Resource Management Services	Report on implementation of reviewed HR policies and recognition agreement, reports on Implementation of Equity plan, HIV/AIDS and employee wellness programmes, report on Members training, annual training, quarterly	Report on implementation of reviewed HR policies and recognition agreement, reports on Implementation of Equity plan, HIV/AIDS and employee wellness programmes, report on Members training, annual training, quarterly	Only 7 x Policies are under review and the Wellness Programme, still to be considered by stakeholders.	Deviations recorded on 3 x areas (i.e., HR Policies, Recognition Agreement & Employment Equity Compliances)	The stagnation due to the unresolved issues at the bargaining forum has held back the approval process of policies.
Timeframe and frequency for the Review and implementation of HR policies	Produce updated Human Resources/personnel policies	Produce updated Human Resources/personnel policies	Only 7 x Policies are under review and the Wellness Programme, still to be considered by stakeholders.	Deviations recorded on 3 x areas (i.e., HR Policies, Recognition Agreement & Employment Equity Compliances)	The stagnation due to the unresolved issues at the bargaining forum has held back the approval process of policies.
Timeframe and frequency for the Employment Equity Plan review and implementation	Implement Employment Equity Plan	Implement Employment Equity Plan	The HR Committee could not convene to finalise the submission of the Employment Equity Plan	1 x deviation	The HR Committee could not convene to finalise.
Timeframe and frequency for the Review and implement Recognition Agreement	Produce a report on a reviewed Recognition Agreement	Produce a report on a reviewed Recognition Agreement	Bargaining Unit still to meet and receive inputs of the Trade Union	1 x deviation	The Trade Union still to submit their inputs.



Implement HIV/AIDS Programmes	Produce a report on Implemented HIV/AIDS Programme	Produce a report on Implemented HIV/AIDS Programme	Awaiting inputs / discussions from the stakeholders.	1 x Deviation	Amendments to the policy have been received and will be discussed with the stakeholders for inputs.
Timeframe and frequency for the development and implementation of the wellness programme and number of reports compiled	Produce a report on promotion of health and wellness program across the institution.	Produce a report on promotion of health and wellness program across the institution.	2 x wellness programmes held.	No deviation	None
Frequency and timeframe for the development and implementation of the training and development plan and number of reports compiled	Report on Staff training and development	Report on Staff training and development	10 x official attended OHS Training offered, 2 x Officials attended SAMTRAC Course, 24 x Managers attended PDMS Training, 2 x Officials attended PAYROLL Course, 7 x Officials attended Microsoft EXCEL Course.	No deviation	None





<b>Programme 1: Institutional Leadership</b>					
<b>Sub Programme: Institutional Support Services</b>					
<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Providing Information Communication Technology System and Household Services to the Legislature, Provide Members Support		Provide a comprehensive ICT services and infrastructure through a review of ICT systems, tools, strategy and related report to be compiled	12 x Monthly ICT Backup Reports submitted.	No deviation	None
<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Ensure Information Security	Ensure timely backups and reports	Ensure timely backups and reports	12 x Monthly ICT Backup Reports submitted.	No deviation	None
Availability of IT infrastructure services	95% Availability of IT infrastructure services	95% Availability of IT infrastructure services	95% of IT Infrastructure was reported to be available. Report is submitted.	No deviation	None
Replacement of outdated IT equipment for staff and MPL's	New Indicator	Procurement and configuration of IT Equipment for staff and MPL'S	44 x IT Equipment (Laptops) procured.	No deviation	None
Compile request for data line and internet access	New Indicator	Ensure procurement of dataline and internet access	1 x approved submission for configuration of dataline and internet access.	1 x deviation	Procurement still pending (Tender not finalized)



Replacement of PABX System	Configured and Implemented PABX	Configured and Implemented PABX	1 x approved submission for configuration of dataline and internet access.	1 x deviation	Procurement still pending (Tender not finalized)
To meet provisions of Facilities and Benefit Policy	Allocated offices and benefits to staff and MPLs	Ensure allocated offices and benefits to staff and MPL's	4 x Payments on Telephone (Telkom) accounts, and 79 x Claims for Members processed.	No deviation	None
Procurement of fleet and maintenance	New Indicator	Ensure procurement and maintenance of fleet	13 x service routines performed on fleet.	No deviation	None

Sub- Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	34 189	31 862	2 327	32 412	31 996	416

### 5.8 Core Business

- a) Core Business is responsible for the rendering of support services in respect of the legislative, oversight and accountability functions of the House and its Committees. These services are rendered through the:
- Legislation and Oversight Directorate.
  - Public Participation Directorate,
  - Legal Services Directorate, and
  - Hansard Directorate

The evaluation of performance is based on the number (fractions permitted) of strategic objectives which have been achieved or not. Programme 2: Core Business achieved 100% of its listed performance indicators.

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Core Business	18	13	5	The varying indicators were not aligned to the target, and also there were no legislatures reviews to the bills 2021/2022



Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Procedural Services	37 828	34 203	3 625	36 154	35 847	307

## Programme 2: Core Business

### Sub Programme: Legislation and Oversight and Research

Programme performance indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Timeframe and frequency for development, implementation and updating of annual programme of committees	Annual programme of Sittings of the House and Committee meetings are developed and updated for implementation through the 38 weekly TAC's.	Annual programme of Sittings of the House and Committee meetings are developed and updated for implementation on a monthly basis	7 x updates of the annual programmes of the sittings of the house and committee meetings are developed and updated for implementation through chairpersons panel and programming committee meetings	Deviation Not Achieved	Annual programmes of the sittings of the house and committee meetings were not developed, implemented, or updated as per the planned target.
Number and timeframe of committee reports produced	54 Committee reports each produced within ten (10) working days of the relevant Committee deliberations	Committee reports each produced within ten (10) working days of the relevant Committee deliberations	22 x Committee reports each produced within ten (10) working days of the relevant Committee deliberations"	No deviation	None
Number and timeframe of sets of minutes produced for Committee meetings	126 Minutes for (Portfolio committees 5, Ad hoc committee, chairs panel, Ethics, Budget & Oversight) produced within five (5) working days of a relevant committee meeting "	Sets of minutes each produced within five (5) working days of a relevant committee meeting	77 x Minutes for (Portfolio committees 5, Ad hoc committee, chairs panel, Ethics, Budget & Oversight) produced within five (5) working days of a relevant committee meeting "	No deviation	None



Number and timeframe of Mandates compiled for Committees	Mandate/s compiled each within a day of relevant committee Deliberations	Mandate/s compiled each within a day of relevant committee Deliberations	4 x Mandates were conferred within a day of relevant committee deliberations.	No deviation	None
Frequency for incorporation and updating of NCOP activities in the Legislature programme as and when referred to the FSL.	NCOP activities incorporated and updated monthly in the Legislature programme	NCOP activities incorporated and updated monthly in the Legislature programme	4 x NCOP activities were incorporated and updated in the legislature programme	Deviation Not Achieved	The NCOP activities were not incorporated and updated in the Programme of the Legislature as per the planned target.
Number and frequency of APP analysis reports for Legislature Committees	APP analysis reports produced for Legislature committees	APP analysis reports produced for Legislature committees	16 x reports of the APP analysed.	No deviation	None
Number and frequency of reports analysis developed for Legislature Committees	Annual reports analysis reports produced for Legislature committees	Annual reports analysis reports produced for Legislature committees	16 x reports of the Annual Reports analysed.	No Deviation	None
Number and Frequency of reports developed for the Quarterly reports produced for Legislature Committees	Annual reports analysis reports for quarterly reports produced for Legislature Committees	Annual reports analysis reports for quarterly reports produced for Legislature Committees	48 x reports of the Annual Reports analysed.	Deviation Not Achieved	Analysis on Annual reports produced for Legislature committees were only produced for three quarters.

**Programme 2: Core Business****Sub Programme: Legal Service**

Programme performance indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Number and timeframe for requested legal opinions drafted	Number of requested legal	Number of requested legal	10 x legal opinions drafted as requested.	No Deviation	None





	opinions drafted	opinions drafted			
Number and frequency of pieces of legislation reviewed	Number of pieces of legislation drafted or reviewed	Number of pieces of legislation drafted or reviewed	No Pieces of legislation drafted and or reviewed in the current financial year.	Deviation	Not Achieved
Frequency for updating the Legislative compliance and code of conduct register	Legislative compliance and code of conduct register updated quarterly	Legislative compliance and code of conduct register updated quarterly	1 x update of the Legislative compliance and code of conduct register	Deviation Not Achieved	The legislative compliance and code of conduct register was only updated once in the financial year.

	2020/21			2021/22		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Legal Services	5 565	4 863	702	5 251	5 125	126

## Programme 2: Core Business

### Sub Programme: Public Participation and Education

Programme performance indicators	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Number of public education and democracy workshops conducted virtually and or/ hybrid	Five (5) x workshops for the Youth in five districts between May/June 2020	Three (3) public education workshops conducted virtually and or/ hybrid	Four (4) workshops for the Youth in 5 Districts between May/June 2021 conducted virtually and or/ hybrid	No deviation	-
Number of sectoral Parliament conducted, and reports compiled virtually and or hybrid	Two (2) sectoral Parliaments: 1. Youth – June 2020 2. Traditional Leadership Dialogue – 30 September 2020	Two (2) sectoral Parliaments conducted virtually and or/ hybrid	Three (3) sectoral Parliaments conducted virtually and or/ hybrid and were achieved.	No deviation	-



Number and frequency of petitions processed, and reports compiled	Three (3) x petitions processed from April 2020 – March 2021 each within (30) days of receipt and four (4) quarterly reports compiled.	Number of petitions processed each within (30) days of receipt and four (4) quarterly reports compiled	Three (3) x petitions processed from April 2021 – March 2022 each within (30) days of receipt and four (4) quarterly reports compiled.	No deviation	- -
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**Programme 2: Core Business****Sub Programme: Hansard**

<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Number and frequency of Hansard records Compiled	Compilation of Hansard records	Compilation of Hansard records	17 x Hansard Records compiled	No deviation	None
Number of official languages in which interpretation service was rendered during the sittings of the Legislature	Rendering of Interpretation service	Rendering of Interpretation service	17 x Interpretation services rendered.	No deviation	None
Number of official languages in which translation service was rendered during the sittings of the Legislature	Rendering of Translation services	Rendering of Translation services	17 x Language translation rendered.	No deviation	None



Number of official languages in which transcription service was rendered during the sittings of the Legislature	Rendering of Transcription services	Rendering of Transcription services	17 x Transcription Services rendered.	No deviation	None
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Sub-programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Procedural Services	37 828	34 203	3 625	36 154	35 847	307

### 5.9 PROGRAMME 3: INTERNATIONAL RELATIONS

The purpose of this new programme is to increase representation and participation in the international sphere.

Programme Indicator	Number of Performance indicators	Achieved	Not achieved	Comment
International Relations	1	1	-	-

Sub- Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International Relations	72 952	71 587	1 365	71 958	68 598	3 360

#### Programme 3: International Relations

Programme Indicator	Actual Achievement 2020/21	Planned target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement 2021/22	Comment on Deviations
Maintain and strengthen bilateral relations with most bicameral and unicameral Parliaments around the globe and in the continent.	New Indicator	Report on the Strengthening participation of the Legislature in international forums	1 x Report on the attendance to the Commonwealth Parliamentarians with Disabilities (CPwD)-Africa Region, prepared.	No Deviation	None



#### 5.10 PROGRAMME 4: MEMBERS AND POLITICAL PARTIES SUPPORT

Facilities and Benefits to Members and political parties provide for the rendering of direct support services and facilities to elected representatives of the Free State Legislature as per the Policy on Payments, Facilities and Benefits of Members of the Legislature and grants payable in respect of the Political Party Fund Act (4 of 2008).

b) This programme structure provides for the rendering of services according to two key policy documents of the Legislature, namely.

i) Policy on Facilities, Benefits and Payments to Members of the Legislature that provides for;

- Accommodation and relocation
- Communication Facilities
- Travelling Facilities
- Subsistence Allowances
- Study aid
- Remuneration
- Facilities for Members with special needs
- Accidents and death

ii) Policy on funding of Political Parties represented in the Legislature that provides for;

- i) Payment of Office Allocation to Political Parties (including research allowance) and
- ii) Payment of constituent Allowance to Political Parties represented in the Legislature.
- iii) Payment of grant in respect of the Political Party Fund Act (4 of 2008)

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Members & Political Parties Support	2	2	-	-

Programme Name	2020/21			2021/22		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Members & Political Parties	72 952	71 587	1 365	71 958	68 598	3 360


**Programme 4: Members and Political Parties Support**

<b>Programme Indicator</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2020/21</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Ensure effective and efficient administrative support to Members and Political Parties	Ensure payments to hon Members and Political Parties in accordance to legislation and policies	Quarterly and Annually	2 x capacity building programmes provided to Members  4 x study aid bursaries awarded to Members	No deviation	None
<b>Programme performance indicators</b>	<b>Actual Achievement 2020/21</b>	<b>Planned target 2021/22</b>	<b>Actual Achievement 2021/22</b>	<b>Deviation from Planned Target to Actual Achievement 2021/22</b>	<b>Comment on Deviations</b>
Ensure payments to hon Members and Political Parties in accordance to legislation and policies	Quarterly and Annually	Payment to political parties according to timeframes, policies, and legislation	2 x capacity building programmes provided to Members  4 x study aid bursaries awarded to Members	No deviation.	None
Number of reports compiled on services provided to Members	Quarterly and Annually	Four (4) reports compiled on services provided to Members	4 x Reports on support services, have been compiled and submitted.	No deviation	None



## 6. Organisational Environment

### 6.1. Updated Situational Analysis

The key requirements for the current term is to focus on the National Development Plan (NDP) herein referred after and alignment to Provincial strategies. As the legislature is not responsible for service delivery but promoting development, it will respond directly to the delivery and developmental issues identified in the NDP. It will instead, be responsible for overseeing whether the Executive Arm of Government is designing and implementing programmes that achieve the strategic intent of the NDP. It is also responsible for ensuring, through public participation, that citizens are engaged in the process of development and governance within the Province. Finally, the Legislature must ensure that there is legislation and policy framework that enables and supports the achievement of the NDP.

Therefore, the Free State Legislature in terms of its alignment to the NDP, has developed seven (7) broad focus areas in alignment with its core process and mandate. Those focus areas in the NDP are as follows:

- 1. Economic Transformation and job creation
- 2. Education, Skills and Health
- 3. Consolidating the social wage through reliable and quality basic services.
- 4. Spatial integration, human settlements and local government
- 5. Social cohesion and safe communities
- 6. A capable, ethical, developmental state and,
- 7. A better Africa and the World.

Specifically indicated in terms of alignment, is the alignment to the Provincial Growth and Development Strategy.

The Legislature is therefore, seeking to develop itself in line with the requirements of Treasury in terms of new alignment requirements. This approach will be implemented across the entire sector. The following guidelines will be followed with regards to the development of the strategic plan and the annual performance plan:

- The Sector Oversight Model
- Public participation Model
- Monitoring and Evaluation Framework

### 6.2. Performance delivery environment

The development of a responsive strategic plan of the Legislature is to continue providing support to the Legislature and ensuring that there is:

- Law-making
- Effective oversight and accountability over the executive
- Public education and participation and
- Stakeholder relations

However, COVID-19 pandemic has created challenges for every one of us. Free State Legislature is no exception; we have suddenly found ourselves unable to operate as before and, when this happened, it challenged the very fabric of our democracy. Therefore, the hybrid virtual Legislature may prove to be more of a journey than a destination in 2022. We expect to see incrementally more legislature business shifting online, often paired with in-person activity involving a small number of Members. And we still look forward to when Legislature



can meet physically and its business conducted as before, and hope it's not before too long. But the prudent approach is to keep pushing the virtual Legislature project forward—sensibly, and with a firm foundation in democratic values. Doing that requires tolerance for messiness, and some risk. It's not perfect. But it's the best way of assuring scrutiny of and representation in era-defining Free State Provincial Government decisions.



# PART C

## GOVERNANCE





## **PART C : GOVERNANCE**

### **Introduction**

### **Risk Management**

The Audit Committee coordinates an annual risk review. The internal audit unit performed a risk review based on an outsourced quotation basis as a consultation engagement in the absence of a risk management unit within the entity

### **Fraud and Corruption**

A fraud and prevention plan is in place. A fraud risk review has been performed and the outcome presented to the Secretariat, Joint Management and the Audit Committee

### **Minimising Conflict of Interest**

The Legislature maintains a system to manage potential conflict of interest of employees and / or Members through requiring compliance with:

Code of Conduct for Disclosure of Financial Interests of Staff

Code of Conduct and Ethics for Members of the Free State Legislature; and

Requiring potential service providers to complete prescribed declaration of interest forms

The relationship between management and the representative trade union, Nehawu, is governed by a formalized recognition agreement.

### **Code of Conduct**

Legal Services of the Legislature maintains code of conduct processes applicable to Members and staff.

### **Health, Safety and Environmental Issues**

Members and employees are housed at 41 Charlotte Maxeke Street, as well as at the Fourth Raadsaal in Bloemfontein. The COVID-19 pandemic and subsequent lockdown will result in preventative measures and action when employees returns to the workplace. No other concerns can however be reported upon in health, safety and environment.

### **Portfolio Committees**

The Legislature appeared before the Portfolio Committee on Public Accounts and Finance, the Portfolio Committee on Cooperative Governance, Office of the Premier and Legislature, the Portfolio Committee on Education, Health and Social Development, the Portfolio Committee on Public Works, Infrastructure, Roads, Transport and Human Settlement and the Portfolio Committee on Agriculture & Rural Development, Small Business and Sports, Arts, Culture and Recreation.

### **Prior modifications to audit report**

No modifications can be reported upon.

### **Internal Control Unit**

The organizational structure of the Legislature does not provide for a separate internal control unit.



## 6.1 Profiles : Audit Committee

Name	Qualifications	Internal or external member	Date appointed	No of meetings attended
Adv L Bomela	B. Proc LLB; LLM	Chairperson	1 March 2020	3
Ms N Khawe	B Comp. Honours CTA; B Com Honours, B Com	External Member	1 March 2020	5
Ms M Hlalele	Qualified Professional Accountant (SA); B Com. Accounting	External Member	1 March 2020	6

**Audit Committee Report*****Report of the Audit Committee***

We are pleased to present our report for the financial year ended 31 March 2021.

**Audit Committee Members and Attendance**

The Audit Committee consists of the members listed hereunder and is required to meet four times per annum as per its approved terms of reference. The Audit Committee convened seven times during the current financial year.

The dates on which the Audit Committee convened are as follow:

13 May 2021;  
31 May 2021;  
30 July 2021;  
05 August 2021;  
28 September 2021;  
26 October 2021;  
23 February 2022;

**Name of Member****Number of Meetings Attended**

Adv L Bomela (Chairperson)  
Ms N Khawe  
Ms M Hlalele

3  
6  
7





### Audit Committee Responsibility

The Audit Committee reports, that in terms of Section 48 (1)(a)(i) of FMPPLA, it has adopted appropriate formal terms of reference as its Audit Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The Effectiveness of Internal Control

We have evaluated the effectiveness of Internal Controls as reported by the Internal Audit Unit to the Audit Committee and noted that there is Room for Improvement.

The following internal audit work was completed during the year under review:

	Audit Name	Number of Report
Reports presented to the Audit Committee	Internal Audit Plan (1-year Operational Plan and 3-year Strategic Plan)	1
	Internal Audit Progress Reports	4
	Internal Audit Charter	1
	Audit Committee Charter (Terms of Reference)	1
	Cursory review of Financial Statements	1
	Internal Audit Policy	1
	Internal Audit Quality Assurance and Improvement Plan	1
	Risk Review (Risk register)	4
	Fraud Risk Review (Fraud Risk register)	1
	Risk Policy Template	1
	Internal Audit Report – Performance Information	4
	Asset Review	1
	Finance Review	1

The following are areas which management must prioritize:

- Appointment of the Chief Audit Executive (CAE) / Director: Internal Audit as per the resolution by the Audit Committee on 7 October 2019. Subsequently the position of the CAE was created on the organizational structure and is in the process of evaluation.

### **In-Year Management, Monthly/Quarterly and mid-term reports**

The Legislature has reported, in terms of Sections 51 – 53 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No 10 of 2009), monthly, quarterly and mid-term to the Executive Authority.

### **Presentation of Financial Statements – Political Parties**

Financial statements of all represented political parties in terms of constituents, office and political party funding have been presented and considered by the Audit Committee. Audited statements of one political party recorded as still outstanding.

### **Evaluation of Financial Statements**

We have evaluated the Annual Financial Statements prepared by the Legislature and we are satisfied that it complies with the Standards of the Generally Recognised Accounting Practice (GRAP).

### **Auditor-General's Report**

We have considered the Legislature's action plan for audit issues raised in the previous year and we understand that the action plan is still in progress.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Adv L Bomela  
Chairperson



# **PART D**

## **HUMAN RESOURCES MANAGEMENT**

## HUMAN RESOURCE MANAGEMENT

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### Part D: Human Resource Management

#### 7.1 Introduction

Provide commentary on the following:

- The status of human resources in the Legislature.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by Legislature, as well as future human resource plans /goals.

#### 7.2 Human Resources Oversight Statistics

The Legislature must provide the following key information on its human resources. All the financial amounts must agree with the amounts disclosed in the annual financial statements. Provide reasons for any variances.

Please note that it is very important to follow the format and standards prescribed, to enable collation and comparison of information. **If subheadings/tables are not applicable to the department, it should be stated that there is nothing to report on. Numbering of tables must not be changed and should be maintained as in the guidelines.**

Include any other tables for HR if considered necessary by the Legislature and required by any specific government oversight body. These additional tables must be included at the end of the standardized HR information.



### 7.3 Personnel related expenditure

The following tables summarize the final audited personnel related expenditure by programme and by salary bands. It provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances, and medical aid.

*Table 7.3.1 Personnel expenditure by programme for the period 1 April 2021 and 31 March 2022*

Programme	Total expenditure (R' 000)	Personnel expenditure (R' 000)	Training expenditure (R' 000)	Professional and special services expenditure (R' 000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R' 000)
<b>Programme 1</b>	9235	8888		0	70	75
<b>Programme 2</b>	0	0		0	0	0
<b>Programme 3</b>	3978	3828		0	30	98
<b>Total</b>	<b>13213</b>	<b>12716</b>		<b>0</b>	<b>100</b>	<b>173</b>

*Table 7.3.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022*

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Interns	420	3	5	84
Lower skilled	1194	9	32	37
Skilled	3313	25	53	62
Highly skilled production	3669	28	44	83
Highly skilled supervision	2283	18	18	126
Senior and Top management	2184	17	10	218
<b>Total</b>	<b>13063</b>	<b>100</b>	<b>162</b>	<b>610</b>



**Table 7.3.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Programme 1	5844	69	4554	34	3934	76	4059	73
Programme 2	0	0	0	0	0	0	0	0
Programme 3	2595	31	8737	66	1269	24	1506	27
<b>Total</b>	<b>8439</b>	<b>100</b>	<b>13291</b>	<b>100</b>	<b>5203</b>	<b>100</b>	<b>5565</b>	<b>100</b>

**Table 7.3.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022**

Salary band	Salaries		Overtime		Home Owners		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Lower skilled	7910	51	5327	52	8267	36	1144	8
Skilled	2251	14	1283	13	1721	8	1800	12
Highly skilled production	2581	17	1662	16	1522	7	1550	10
Highly skilled supervision	1495	10	1949	19	7626	33	6973	45
Senior management	1321	8	0	0	3697	16	3736	25
<b>Total</b>	<b>15558</b>	<b>100</b>	<b>10221</b>	<b>100</b>	<b>22833</b>	<b>100</b>	<b>15203</b>	<b>100</b>



#### 7.4 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:

Programme

- Salary band
- Critical occupations (see definition in notes below).

The Legislature have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

*Table 7.4.1 Employment and vacancies by programme as on 31 March 2022*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the
Programme 1	146	118	12	6
Programme 2	0	0	0	0
Programme 3	49	38	13	0
<b>Total</b>	<b>195</b>	<b>156</b>	<b>25</b>	<b>6</b>

*Table 7.4.2 Employment and vacancies by salary band as on 31 March 2022*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Interns	0	5	0	5
Lower skilled	37	31	16	1
Skilled	74	55	27	0
Highly skilled production	51	43	15	0
Highly skilled supervision	19	18	5	0
Senior management	14	10	28	0
<b>Total</b>	<b>195</b>	<b>162</b>	<b>17</b>	<b>6</b>

## 7.5 Filling of senior management posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

*Table 7.5.1 Senior management post information as on 31 March 2022*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	1	1	0	0	100
Salary Level 21	0	0	100	1	100
Salary Level 20	1	1	100	0	0
Salary Level 19	1	1	100	0	0
Salary Level 18	3	3	100	0	0
Salary Level 17	4	4	100	3	43
<b>Total</b>	<b>10</b>	<b>10</b>	<b>71</b>	<b>4</b>	<b>29</b>

*Table 7.5.2 Senior management post information as on 30 September 2021*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	0	0	100	1	100
Salary Level 21	1	1	100	0	0
Salary Level 20	1	1	100	0	0
Salary Level 19	1	1	100	0	0
Salary Level 18	3	3	100	0	0
Salary Level 17	4	4	67	3	43
<b>Total</b>	<b>10</b>	<b>10</b>	<b>71</b>	<b>4</b>	<b>29</b>

*Table 7.5.3 Reasons for not having complied with the filling of funded vacant Senior management - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2021 and 31 March 2022*

Reasons for vacancies not advertised within six months
The post of the Secretary to the Legislature and Hansard Editor were advertised within the period of within the period of six months. The Treasury Advisor was not budgeted. The Chief Audit Executive Orders Committee on the 30 <sup>th</sup> June 2021 and it was not budgeted.



## 7.6 Job Evaluation

The executing authorities may evaluate or re-evaluate any job in his or her organization. All vacancies on salary levels 6 and higher must be evaluated before they are filled. The following table summarizes the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

*Table 7.6.1 Job Evaluation by Salary band for the period 1 April 2021 and 31 March 2022*

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled	37	0	0	0	0	0	0
Skilled	74	7	9	6	8	1	1
Highly skilled production	51	2	4	1	2	0	0
Highly skilled supervision	19	1	6	1	6	0	0
Senior management	14	2	14	2	14	0	0
<b>Total</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

*Table 7.6.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022*

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Comments:** The job evaluation report was not approved and management is still in the engagement process with the service provider to get more clarity because job evaluation exercise was conducted off-site and relevant line managers were not interviewed.



The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

*Table 7.6.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 and 31 March 2022*

Occupation	Number of employee	Job evaluation level	Remuneration level	Reason for deviation
Manager/Records Management in the Office of the Secretary to the Legislature	01	13	16	The incumbent was appointed before the position was evaluated.
Manager in the Office of the Deputy Secretary	01	13	15	The incumbent was appointed before the position was evaluated.
Librarian	01	14	16 (even though it is not exactly aligned to the sub- level of 16)	The salary of the incumbent was higher prior the job evaluation in 2012.
Sergeant-at-Arms	01	10	15 (even though it is not exactly aligned to the sub-level of 15)	The salary of the incumbent was higher prior the job evaluation in 2012.
Payment Coordinator	01	12	14	The salary of the incumbent was higher prior the job evaluation in 2012.
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>5</b>
<b>Percentage of total employed</b>				<b>3%</b>





The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

*Table 7.6.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 and 31 March 2022*

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	1	2
Male	3	0	0	0	3
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>
Employees with a disability					0

## 7.7 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

*Table 7.7.1 Annual turnover rates by salary band for the period 1 April 2021 and 31 March 2022*

Salary band	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the Legislature	Terminations and transfers out of the Legislature	Turnover rate
Interns	8	0	3	2
Lower skilled	32	0	0	0
Skilled	55	3	3	5
Highly skilled production	42	2	2	5
Highly skilled supervision	18	0	0	0
Senior management	10	0	0	0
<b>Total</b>	<b>165</b>	<b>5</b>	<b>8</b>	<b>5</b>

*Table 7.7.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022*

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
<b>TOTAL</b>	n/a	n/a	n/a	n/a

*Table 7.7.3 Reasons why staff left the department for the period 1 April 2021 and 31 March 2022*

Termination Type	Number	% of Total Resignations
Death	1	12.5
Resignation	2	25
Expiry of contract	4	50
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	12.5
Transfer to other Public Service	0	0
Other	0	0
<b>Total</b>	<b>8</b>	<b>100</b>

*Table 7.7.4 Promotions by salary band for the period 1 April 2021 and 31 March 2022*

Salary Band	Employees 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Interns	8	0	0	0	0
Lower skilled	32	0	0	3	23
Skilled	55	0	0	7	54
Highly skilled production	42	2	67	2	15
Highly skilled supervision	18	0	0	1	8
Senior management	10	1	33	0	0
<b>Total</b>	<b>165</b>	<b>3</b>	<b>100</b>	<b>13</b>	<b>100</b>



## 7.8 Employment Equity

*Table 7.8.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2022*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	5	0	0	1	3	0	0	1	10
Professionals	9	0	0	1	4	3	0	1	18
Technicians and associate professionals	23	0	0	1	16	2	0	2	44
Clerks	22	1	0	1	26	1	0	2	53
Service and sales workers	14	0	0	0	18	0	0	0	32
Other	4	0	0	0	1	0	0	0	5
<b>Total</b>	<b>78</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>69</b>	<b>7</b>	<b>0</b>	<b>6</b>	<b>162</b>
<b>Employees with disabilities</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

**Table 7.8.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	4	0	0	0	3	0	0	1	8
Professionally qualified and experienced specialists and mid-management	8	0	0	1	6	2	0	1	18
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	22	0	0	1	17	2	0	2	44
Semi-skilled and discretionary decision making	22	1	0	1	26	1	0	2	53
Unskilled and defined decision making	14	0	0	0	18	0	0	0	32
Other	4	0	0	0	1	0	0	0	5
<b>Total</b>	<b>75</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>71</b>	<b>5</b>	<b>0</b>	<b>6</b>	<b>162</b>

**Table 7.8.3 Recruitment for the period 1 April 2021 to 31 March 2022**

Occupational band	Male				Female				Total
	Africa	Coloured	Indian	White	Africa	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	2	0	0	0	2	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Other	4	0	0	0	1	0	0	0	5
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
<b>Employees with</b>	0	0	0	0	0	0	0	0	0

*Table 7.8.4 Promotions for the period 1 April 2021 to 31 March 2022*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced	1	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Employees</b>	0	0	0	0	0	0	0	0	0



**Table 7.8.5 Terminations for the period 1 April 2021 to 31 March 2022**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	3	0	0	0	0	1	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Employees with Disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

*Table 7.8.6 Skills development for the period 1 April 2021 to 31 March 2022*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	13	0	0	0	7	2	0	3	25
Professionals	3	0	0	0	0	2	0	0	5
Technicians and associate	10	0	0	0	10	0	0	0	20
Clerks	1	0	0	0	3	0	0	1	4
Service and sales workers	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>55</b>
<b>Employees with disabilities</b>	0	0	0	0	1	0	0	0	1



### 7.9. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

*Table 7.9.1 Signing of Performance Agreements by SMS members as on 31 May 2021*

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
<b>Secretary to the Legislature</b> Level 23	1	1	1	8
<b>Acting Deputy Secretary to the Legislature</b> Level 21	1	1	1	8
<b>Chief Financial Officer</b> Level 20	1	1	1	8
<b>Acting Director</b> Level 19	1	1	1	8
<b>Director</b> Level 18	3	3	3	38
<b>Director</b> Level 17	6	5	5	83
<b>Total</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>100</b>



*Table 7.9.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 April 2022*

Reasons
Not applicable

*Table 7.9.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 April 2021*

Reasons
Not applicable

#### 7.10 Leave utilization

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

*Table 7.10.1 Sick leave for the period 1 April 2021 to 31 March 2022*

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R' 000)
Lower Skills	104	17	14	25	59	1456
Skilled	180	30	20	36	100	3600
Highly skilled production	202	33	12	21	107	2424
Highly skilled supervision	77	13	6	11	42	462
Top and Senior management	45	7	4	7	26	180
<b>Total</b>	<b>608</b>	<b>100</b>	<b>58</b>	<b>100</b>	<b>334</b>	<b>8122</b>



*Table 7.10.2 Annual Leave for the period 1 April 2021 to 31 March 2022*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled	293	32	163
Skilled Levels	550	42	296
Highly skilled production	497	33	265
Highly skilled supervision	163	13	88
Senior management	112	9	61
<b>Total</b>	<b>1615</b>	<b>129</b>	<b>873</b>

*Table 7.10.3 Capped leave for the period 1 December 2019 to 30 November 2021*

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee
Lower skilled	0	0	0
Skilled Levels	0	2	1
Highly skilled production	2	4	3
Highly skilled supervision	0	0	0
Senior management	0	0	0
<b>Total</b>	<b>2</b>	<b>6</b>	<b>8</b>

*Table 7.10.4 Leave payouts for the period 1 April 2021 and 31 March 2022*

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave encashment for 2021/22	3722	156	1930
Capped leave payouts on termination of service for 2021/22	0	0	0
Current leave payout on termination of service for 2021/22	2984	6	1495
<b>Total</b>	<b>6706</b>	<b>162</b>	<b>3434</b>

**7.11 HIV/AIDS & Health Promotion Programmes***Table 7.11.1 Steps taken to reduce the risk of occupational exposure*

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	Not applicable

*Table 7.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)*

Questions	Yes	No	Details, if yes
1. Has the legislature designated a member of the SMS to implement the provisions contained in Part VI of Chapter 1 of the Public Service Regulations, 2001? If so, provide his/her position.	✓		Ms. Dikomang Tshabalala: Director: Human Resources Management





<p>2. Does the legislature have a dedicated unit or has it designated specific staff member to promote health and wellness of your employees? If so, indicate the number of employees involved in this task and the annual budget that is available for this purpose?</p>	✓		<p>The Legislature has employed a person who is responsible for the implementation of the Health and Wellness of the employees.</p> <p>There is no specified budget for this programme.</p>
<p>3. Has the legislature introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate elements/services</p>	✓		<p>FSL Employee Wellness Programme covers the 4 Pillars of Employee Health and Wellness Strategic Framework:</p> <p>1. Occupational Health</p> <ul style="list-style-type: none"> <li>❖ HIV/AIDS and TB Management- emphasis on HIV/AIDS information session, Lay Counselors Training- reduction of number of infections</li> <li>❖ Health and Productivity Management Reduction of burden of diseases in the workplace.</li> </ul> <p>Health Risk Assessments: Glucose testing, Cholesterol, BMI, Blood Pressure, Vaccination</p> <p>2. Quality of Work life</p> <ul style="list-style-type: none"> <li>❖ SHERQ Management Safety in the workplace is emphasized Employees have been trained on matters of safety management</li> <li>❖ Wellness Management Addressing individual and organizational wellness in a proactive manner including physical wellness of the employees, now including dealing with COVID 19 Individual counselling and group i.e During bereavement- Debriefing and Diffusion Referral of employees to other different places for treatment e.g. ( Drug and Rehabilitation Centre, )</li> </ul>



4. Has the legislature established (a) committee(s) as contemplated in Part iv E.5 e of Chapter 1 of Public Service Regulations, 2001? If so, please provide the names of members of the Committee and the stakeholders that the represent	✓		No committee has been established as yet because FSL HIV/AIDS Committee Policy is still in its draft form
5. Has the legislature reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		<ul style="list-style-type: none"> <li>❖ HIV/AIDS Workplace Policy</li> <li>❖ Free State Legislature Policy on HIV/AIDS</li> <li>❖ Draft EAP Policy</li> </ul>
6. Has the legislature introduced measures to protect HIV-positive employees or those perceived to be HIV- positive from discrimination? If so, list key element of these measures.	✓		<p>Adjustment of policies:</p> <p>E.g. Leave policy-Special leave with regard to employee who suffer from terminal illness; time-off for Clinic appointments and changes in hours of work and in start/finish time.</p> <p>Labour Relations Act: Code of Good Practice; aspects on HIV/AIDS and Employment.</p> <p>Application of the Medical Aid Schemes Act no 131 of 1998.</p>
7. Does the legislature encourage its employees to undergo Voluntary counseling and Testing? If so, list the results you have achieved	✓		The EAP unit tries by all means to encourage people to go for HIV/Aids Counseling and Testing (HCT).
8. Has the legislature developed measures to monitor and evaluate the impact of its health promotion programme? If so list these measures.	✓		Attendance registers are kept during health promotion sessions to evaluate the impact of the programme and check views of the participants on what should or can be added to improve the programme. E.g. Flu Vaccine and our Employee Wellness Sports Day.



## 7.12 Labour Relations

*Table 7.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022*

Subject matter	Date
Wage settlement for 2021/22	14 <sup>th</sup> January 2022
Total costs working days lost	0
Amount recovered as a result of no work no pay (R"000)	0

*Table 7.12.2 Grievances logged for the period 1 April 2021 and 31 March 2022*

Grievances	Number	% of Total
Number of grievances resolved	3	100
Number of grievances not resolved	0	0
Total number of grievances lodged	3	100

*Table 7.12.3 Disputes logged with Councils for the period 1 April 2021 and 31 March 2022*

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	2	33
Total number of disputes lodged	6	33



### 7.13. Skills development

This section highlights the efforts of the department with regard to skills development.

*Table 7.13.1 Training needs identified for the period 1 April 2021 and 31 March 2022*

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials, and managers	Female	4		<ul style="list-style-type: none"> <li>• Finance for Non-Financial Managers</li> <li>• Job Description</li> <li>• Contract Management</li> <li>• Investigation, Initiating and Chairing Disciplinary Hearing</li> <li>• Legislation and Drafting</li> <li>• Interviews Skills</li> <li>• Speed Reading</li> <li>• Editing</li> <li>• Apple (Mac)</li> <li>• Excel Advanced</li> </ul>	0	11
	Male	7		<ul style="list-style-type: none"> <li>• Finance for Non-Financial Managers</li> <li>• Contract Management</li> <li>• Investigation, Initiating and Chairing Disciplinary Hearing</li> <li>• Interviews Skills</li> <li>• Organizational Strategic Planning and Management</li> <li>• Editing</li> <li>• Risk and Fraud Management</li> </ul>	0	14



Professionals	Female	7		<ul style="list-style-type: none"> <li>• Contract Management</li> <li>• Translation, Editing and Proof Reading</li> </ul>	0	1
	Male	10		<ul style="list-style-type: none"> <li>• Contract Management</li> <li>• Protocol and Etiquette</li> <li>• Labour Law Translation Editing</li> </ul>	0	5



Technicians and associate professionals	Female	23		<ul style="list-style-type: none"><li>• Contract Management</li><li>• Protocol and Ettiquete</li><li>• Aple (Mac)</li><li>• Labour Law</li><li>• Professional Report Writing</li><li>• Introduction to Research Methodology</li><li>• Excel Advanced</li><li>• Proman Advanced</li><li>• Risk and Fraud Management</li><li>• Editing</li><li>• Speed Reading</li><li>• Language Terminology Application</li><li>• Translation in a Political Environment</li><li>• Basic Sign Languatge and Interpreting</li></ul>	0	28
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	Male	21		<ul style="list-style-type: none"> <li>• Contract Management</li> <li>• Protocol and Ettiquete</li> <li>• Labour Law</li> <li>• Proffessional Report Writing</li> <li>• Introduction to Research Methodology</li> <li>• Project Management</li> <li>• Proman Advanced</li> <li>• Risk and Fraud Management</li> <li>• Speed Reading</li> </ul>	0	24
Clerks	Female	28		<ul style="list-style-type: none"> <li>• Contract Management</li> <li>• Social Media Training</li> <li>• Fuel, Fleet and Transport Management</li> <li>• Professional Report Writing</li> <li>• Introduction to Research Methodology</li> <li>• Project Management</li> <li>• Proman Advanced</li> <li>• Asset Maintenance and Facility Management</li> <li>• Office Admin, Communication, Minutes Taking, Report Writing and Filing System</li> <li>• Computer Training Advanced Office Suit</li> </ul>	0	21



	Male	25		<ul style="list-style-type: none"><li>• Social Media Training</li><li>• Apple (Mac)</li><li>• Fuel, Fleet and Transport Management</li><li>• Asset Maintenance and Facility</li></ul>	0	10
Service and sales workers	Female	14		<ul style="list-style-type: none"><li>• Computer Training Advanced Office Suit</li></ul>	0	4
	Male	13		Computer Training Advanced Office Suit	0	2
Sub Total	Female	76			0	65
	Male	77			0	52
<b>Total</b>		<b>153</b>			0	<b><u>117</u></b>



*Table 7.13.2 Training provided for the period 1 April 2021 and 31 March 2022*

Occupational category	Gender	Number of employees as at 1 April 2021	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	9		<ul style="list-style-type: none"> <li>• RDATA</li> <li>• Occupational Health and Safety</li> <li>• MS Excel Advanced</li> <li>• Performance Management Workshop</li> </ul>	•	9
	Male	9		<ul style="list-style-type: none"> <li>• SAMTRAC</li> <li>• RDATA</li> <li>• Occupational Health and Safety</li> <li>• MS Excel Advanced</li> <li>• Performance Management Workshop</li> </ul>	•	9
Professionals	Female	2		<ul style="list-style-type: none"> <li>• SAMTRAC</li> <li>• RDATA</li> </ul>	•	2



	Male	2		<ul style="list-style-type: none"><li>• PSETA Session for submission</li><li>• Performance Management</li></ul>	•	2
Technicians and associate professionals	Female	13		<ul style="list-style-type: none"><li>• Occupation Health and Safety</li><li>• MS Excel Basic</li><li>• MS Excel Advanced</li></ul>	•	13
	Male	10		<ul style="list-style-type: none"><li>• RDATA</li><li>• Occupational Health and Safety</li><li>• MS Excel Advanced</li><li>• Performance Management Workshop</li></ul>	•	10
Clerks	Female	5		<ul style="list-style-type: none"><li>• RDATA</li><li>• Occupational Health and Safety</li><li>• MS Excel Basic</li></ul>	•	5



	Male	2		• Occupational Health and Safety	•	2
Service and sales workers	Female			•	•	
	Male				•	
Sub Total	Female					29
	Male					23
<b>Total</b>						52

#### 7.14 Utilisation of Consultants

*Table 7.13.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 and 31 March 2022*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
(R-Data) assistance with leave queries and processing of leave	1	3	12236

*Table 7.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022*

Project title	Percentage ownership by	Percentage management by HDI groups	Number of consultants from HDI
n/a	n/a	n/a	n/a

*Table 7.13.3 Report on consultant appointments using Donor funds for the period 1 April 2021 and 31 March 2022*

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

*Table 7.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a





### 7.15 Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1 Injury on duty for the period 1 April 20YY and 31 March 20ZZ*

Nature of injury on duty	Number	% of total
Required basic medical attention only	N/A	
Temporary Total Disablement		
Permanent Disablement		
Fatal		
Total		









# **PART E**

## **FINANCIAL INFORMATION**





## Report of the auditor-general to the Free State Provincial Legislature on vote no. 2: Free State Legislature

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Free State Legislature, set out on pages 106 to 158, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement, and statement of comparison of budget and actual amounts 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 Free State Legislature as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPLA).

#### 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 this auditor's report.
4. I am independent of the legislature in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 matters below. My opinion is not modified in respect of these matters.

#### Irregular expenditure

7. As disclosed in note 36 to the financial statements, the legislature incurred irregular expenditure of R1 861 811 (2021: R2 822 716) due to non-compliance with supply chain management (SCM) requirements.

### **Material uncertainty relating to claims against the legislature**

8. With reference to note 32 to the financial statements, the legislature is the defendant in various claims and is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

### **Restatement of corresponding figures**

9. As disclosed in note 29 and 30 to the financial statements, the corresponding figures for 31 March 2021 were restated as the result of an error in the financial statements of the legislature at, and for the year ended, 31 March 2022.

### **Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the FMPPLA, 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.
11. In preparing the financial statements, the accounting officer is responsible for assessing the legislature'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 the appropriate governance structure either intends to liquidate the legislature or to cease operations or has no realistic alternative but to do so.

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

12. 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme

presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the legislature's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the legislature enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
16. 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 programme presented in the legislature's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – core business	45 – 50

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to assess the reliability of the reported performance information to determine whether it was valid, accurate, and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 2 – core business

### Other matters

19. I draw attention to the matters below.

### Achievement of planned targets

20. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

### Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2 – core business. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.



## Report on the audit of compliance with legislation

### Introduction and scope

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

### Expenditure management

24. Appropriate steps were not taken to prevent irregular expenditure amounting to R1 861 811 (2021: R2 822 716), as disclosed in note 36 to the financial statements, as required by section 7(e) of the FMPPLA. The irregular expenditure was caused by deviations from SCM requirements.

## Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
26. 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 on it.
27. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. 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

29. I considered internal control relevant to my audit of the financial statements, 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 findings on compliance with legislation included in this report.

30. Management did not ensure that internal control processes were adequately implemented to prevent non-compliance with SCM requirements, which resulted in irregular expenditure. Some of these instances were caused by end-users not initiating procurement processes timeously to enable the SCM unit to follow proper processes.

### Other reports

31. I draw attention to the following engagements conducted by various parties which had, or could have had, an impact on the matters reported in the legislature's financial statements, reported performance information, compliance with applicable legislation, and other related matters. These reports did not form part of my opinion on the financial statements or my findings on compliance with legislation.
32. At the request of the member of the executive council for Finance in the province, a special audit was performed on the procurement processes and financial transactions of the legislature's building project for both the Free State Legislature and the Department of Public Works and Infrastructure for the financial years 2010-11, 2011-12, 2012-13 and 2013-14. The investigation was concluded on 12 July 2022 and tabled in the legislature on 29 July 2022.
33. The Directorate for Priority Crime Investigation (Hawks) is investigating alleged irregularities regarding the legislature's procurement of covid-19 preventative apparel for the financial years 2019-2020 and 2020-2021. The investigation was still in progress at the date of this auditor's report.
34. At the request of leadership of the legislature, an investigation is being conducted into the alleged irregularities regarding the procurement process for the modernisation of the Fourth Raadsaal by an independent investigation firm. The investigation was concluded in August 2021 and the parties agreed to negotiate the settlement out of court. However, the parties have not yet reached an agreement. Disciplinary proceedings against one employee were in progress at the date of this auditor's report. After year-end, in April 2022, the Hawks also commenced with an investigation regarding this matter and the investigation is still in process.

*Auditor-General*

Bloemfontein

31 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the legislature's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the legislature'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. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Free State Legislature to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a legislature to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I 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 I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Index

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The reports and statements as set out below comprise of the annual financial statements presented to the Free State Legislature:

	Page
Statement of Financial Position	106
Statement of Financial Performance	107
Statement of Changes in Net Assets	108
Cash Flow Statement	109
Statement of Comparison of Budget and Actual Amounts	110 - 111
Accounting Policies	112 - 158

The Final Annual Financial Statements set out on pages 106 to 158, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2022.

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**MJ Machaka**  
Secretary to the Legislature

**Bloemfontein**  
**31 May 2022**



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### General Information

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<b>Country of incorporation and domicile</b>	Republic of South Africa
<b>Nature of business and principal activities</b>	The Free State Legislature is the legislative authority of the Free State Province. The constitutional mandate is to give effect to oversight and law-making through public involvement.
<b>Registered office</b>	41 Charlotte Maxeke street Bloemfontein 9301
<b>Business address</b>	41 Charlotte Maxeke street Bloemfontein 9301
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor-General of South Africa
<b>Secretary</b>	MJ Machaka







Free State Legislature  
Annual Financial Statements  
for the year ended 31 March 2022



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Statement of Financial Position as at 31 March 2022

		2022	2021 Restated*
	Note(s)		
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	53 440 474	47 136 539
Receivables from exchange transactions	4	1 554 475	3 101 354
Receivables from non-exchange transactions	5	56 284	1 197 346
Prepayments	6	475 388	347 561
Inventories	7	421 274	407 703
		<b>55 947 895</b>	<b>52 190 503</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	15 176 553	15 523 237
Intangible assets	9	51 536	103 072
		<b>15 228 089</b>	<b>15 626 309</b>
<b>Total Assets</b>		<b>71 175 984</b>	<b>67 816 812</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	39	325 463	358 759
Payables from exchange transactions	11	25 255 085	27 666 901
Employee benefit obligation	13	-	1 182 000
		<b>25 580 548</b>	<b>29 207 660</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	39	284 413	253 925
Operating lease liability	12	2 168 804	1 529 118
Employee benefit obligation	13	12 633 000	19 784 000
		<b>15 086 217</b>	<b>21 567 043</b>
<b>Total Liabilities</b>		<b>40 666 765</b>	<b>50 774 703</b>
<b>Net Assets</b>		<b>30 509 215</b>	<b>17 042 109</b>
Accumulated surplus		30 509 215	17 042 109

\* See Note 30



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Statement of Financial Performance

		2022	2021 Restated*
	Note(s)		
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Other Income	14	286 991	367 134
Interest received	15	1 502 769	719 877
<b>Total revenue from exchange transactions</b>		<b>1 789 760</b>	<b>1 087 011</b>
<b>Revenue from non-exchange transactions</b>			
Service in-kind	10	2 492 500	2 492 500
<b>Transfer revenue</b>			
Government grants and subsidies	16	290 765 938	290 074 000
<b>Total revenue from non-exchange transactions</b>		<b>293 258 438</b>	<b>292 566 500</b>
<b>Total revenue</b>		<b>295 048 198</b>	<b>293 653 511</b>
<b>Expenditure</b>			
Employee related costs	17	(126 490 477)	(137 089 909)
Members remuneration	18	(27 382 645)	(24 733 734)
Transfers and subsidies	19	(65 505 129)	(69 055 211)
Depreciation and Amortisation	8&9	(2 586 545)	(2 954 139)
Finance Cost	20	(757 424)	(1 403 582)
(Loss)/ Assets		(2 461)	(33 241)
Property Payments	22	(19 532 148)	(21 283 381)
General expenses	21	(33 655 604)	(26 941 897)
Travel and Subsistence	23	(5 342 655)	(4 507 404)
<b>Total expenditure</b>		<b>(281 255 088)</b>	<b>(288 002 498)</b>
<b>Surplus for the year from continuing operations</b>		<b>13 793 110</b>	<b>5 651 013</b>
Actuarial gain/(loss)		(326 000)	(788 000)
<b>Surplus for the year</b>		<b>13 467 110</b>	<b>4 863 013</b>

\* See Note 30



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
<b>Balance at 01 April 2020</b>	<b>12 179 096</b>	<b>12 179 096</b>
Changes in net assets		
Deficit for the year	4 863 013	4 863 013
Total changes	4 863 013	4 863 013
<b>Restated* Balance at 01 April 2021</b>	<b>17 042 109</b>	<b>17 042 109</b>
Changes in net assets		
Surplus for the year	13 467 110	13 467 110
Total changes	13 467 110	13 467 110
<b>Balance at 31 March 2022</b>	<b>30 509 219</b>	<b>30 509 219</b>

\* See Note 30



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Cash Flow Statement

		2022	2021 Restated*
	Note(s)		
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Other income		1 833 870	494 884
Grants		291 907 000	290 074 000
Interest income		1 502 769	719 877
		<u>295 243 639</u>	<u>291 288 761</u>
<b>Payments</b>			
Employee costs		(134 270 859)	(132 611 360)
Members remuneration		(27 382 645)	(24 733 734)
Suppliers		(59 278 216)	(49 481 267)
Transfers and subsidies		(65 505 129)	(69 055 211)
		<u>(286 436 849)</u>	<u>(275 881 572)</u>
<b>Net cash flows from operating activities</b>	24	<b><u>8 806 790</u></b>	<b><u>15 407 189</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(2 190 786)	(3 232 491)
Proceeds from sale of property, plant and equipment	8	-	4 020
Purchase of intangible assets	9	-	(159 743)
<b>Net cash flows from investing activities</b>		<b><u>(2 190 786)</u></b>	<b><u>(3 388 214)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		<u>(401 253)</u>	<u>(422 481)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6 303 936</b>	<b>11 391 798</b>
Cash and cash equivalents at the beginning of the year		47 136 539	35 744 741
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>53 440 475</u></b>	<b><u>47 136 539</u></b>

\* See Note 30



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Other income	191 000	-	191 000	286 991	95 991	Note 26
Interest received - investment	283 000	-	283 000	1 502 769	1 219 769	Note 26
<b>Total revenue from exchange transactions</b>	<b>474 000</b>	<b>-</b>	<b>474 000</b>	<b>1 789 760</b>	<b>1 315 760</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Donations received	-	-	-	-	-	
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##### Transfer revenue

Appropriation	273 062 000	-	273 062 000	273 062 000	-	Note 26
Direct charge	27 112 000	-	27 112 000	27 112 000	-	Note 26

<b>Total revenue from non-exchange transactions</b>	<b>300 174 000</b>	<b>-</b>	<b>300 174 000</b>	<b>300 174 000</b>	<b>-</b>	
<b>Total revenue</b>	<b>300 648 000</b>	<b>-</b>	<b>300 648 000</b>	<b>301 963 760</b>	<b>1 315 760</b>	

##### Expenditure

Employee related cost	(135 638 882)	-	(135 638 882)	(135 611 925)	26 957	Note 26
Members Remuneration	(27 111 540)	-	(27 111 540)	(25 782 530)	1 329 010	Note 26
Transfers	(69 585 374)	-	(69 585 374)	(66 636 103)	2 949 271	Note 26
Payment for capital assets	(3 338 370)	-	(3 338 370)	(1 429 598)	1 908 772	Note 26
Goods and services	(64 500 299)	-	(64 500 299)	(61 061 663)	3 438 636	Note 26

<b>Total expenditure</b>	<b>(300 174 465)</b>	<b>-</b>	<b>(300 174 465)</b>	<b>(290 521 819)</b>	<b>9 652 646</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>473 535</b>	<b>-</b>	<b>473 535</b>	<b>11 439 480</b>	<b>10 965 945</b>	
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# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Reconciliation</b>						
<b>Basis difference</b>						
Employee Benefit Obligation				8 347 335		Note 26
Accrual provision				(826 000)		Note 26
Operating lease straightlining				(639 685)		Note 26
Service in-kind				2 492 500		Note 26
Depreciation and Amortisation				(2 586 545)		Note 26
Finance Cost				(757 424)		Note 26
Goverment grants				(9 408 062)		Note 26
General expenditure				5 731 511		Note 26
Actuarial Gains/Losses				(326 000)		Note 26
<b>Actual Amount in the Statement of Financial Performance</b>				<b>13 467 110</b>		





# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives, issued by the Accounting Standards Board in accordance with FMPPLA.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

#### 1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### 1.2 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

#### 1.3 Grants in aid

The entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the entity does not:

1. receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
2. expect to be repaid in future; or
3. expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

#### 1.4 Budget information

The approved budget is prepared on the modified cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01-2022/03/31.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.5 Significant judgements 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 judgement is 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 judgements include:

##### Receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of non-cash generating assets:

The entity reviews and tests the carrying value of staff debt when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

#### Provisions

Provisions are raised and management determines an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 Payables from exchange transactions.

#### Useful life of property, plant and equipment and other assets

In the process of applying the Legislature's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

The useful life of assets is based on management's estimation. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful life, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful live and residual values of Assets:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine the useful life.
- The useful life determined with the compilation of the 2022 fixed asset register is based on a calculation of the past useful life from date of acquisition to year end 2022 plus the calculation of the remaining useful life based on a presentation on the condition and the useful life allocated to a new asset.
- For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Legislature's asset register;
- Cost of items with a similar nature in other Legislatures' asset registers, given that the other Legislatures have the same geographical setting as the Free State Legislature and that the other Legislatures' asset registers are considered to be accurate;
- Cost as supplied by suppliers or online information.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.5 Significant judgements and sources of estimation uncertainty (continued)

#### Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

#### Effective interest rate

The entity uses the government bond rate to discount future cash flows.

#### Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.6 Property, plant and equipment

#### 1.6.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Legislature. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful life, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Legislature for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Heritage assets in use was reclassified as property, plant and equipment as a separate category. No depreciation is calculated as the asset are held indefinitely, and therefore the useful lives are undeterminable as the assets will be restored in its original form and condition after being in-use.

#### 1.6.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Legislature replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### 1.6.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful life of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are depreciated separately. The annual depreciation rates are based on the following estimated useful life in years:

Asset type	Years
Office Equipment	1-22
Lease Assets: Cell-phones	2-11
Lease Assets: Photocopiers	3
Furniture	2-25
Computer Equipment	2-22
Transport Assets	5-18

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.6 Property, plant and equipment (continued)

Asset type	Years
Office Equipment	5
Lease Assets: Cell-phones	2
Lease Assets: Photocopiers	3
Furniture	10
Computer Equipment	4-5
Transport Assets	5

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### 1.6.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.7 Intangible assets

#### 1.7.1 Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Legislature recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Legislature and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.7 Intangible assets (continued)

- the Legislature intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Legislature has the resources to complete the project;
- it is probable that the Legislature will receive future economic benefits or service potential; and
- the Legislature can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.7.2. Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 1.7.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful life using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are amortised separately. The estimated useful life, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful life:

Intangible Assets	Years
Computer Software	3-13

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:

Intangible Assets	Years
Computer Software	3

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

#### 1.7.4 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales' proceeds and the carrying value and is recognised in the Statement of Financial Performance.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.8 Heritage assets

#### 1.8.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved 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 Legislature, and the cost or fair value of the asset can be measured reliably.

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

#### 1.8.2 Subsequent Measurement - Cost Model

After recognition as an asset, heritage assets are carried at its cost.

#### 1.8.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance. Subsequent to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

#### 1.8.4 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

### 1.9 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the Legislature, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business as disclosed.

### 1.10 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the annual financial statements to reflect adjusting events after the reporting date once the event occurred.





# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.10 Events after reporting date (continued)

The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the annual financial statements.

### 1.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

#### Classification

The Legislature has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Receivables from Exchange transaction cost	Financial asset measured at amortised cost
Receivables from non exchange transaction cost	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at fair value

The Legislature has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non exchange transactions	Financial liability measured at amortised cost
Operating liability	Financial liability measured at amortised cost

#### Initial recognition

The Legislature recognises a financial asset or a financial liability in its Statement of Financial Position when the Legislature becomes a party to the contractual provisions of the instrument.

The Legislature recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The Legislature measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures all other financial assets and financial liabilities initially at fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Annual Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.11 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

#### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Legislature establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Legislature uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on Legislature-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Legislature calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment and uncollectibility of financial assets

The Legislature assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the Legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.11 Financial instruments (continued)

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### Derecognition

#### Financial assets

The Legislature derecognises financial assets using trade date accounting.

The Legislature derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Legislature transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognises the asset; and
  - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

#### Financial liabilities

The Legislature removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.12 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Legislature. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Legislature uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Legislature recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### Finance leases - Lessee

The entity changed its accounting policy for finance leases in 2016. The change in accounting policy was made in accordance with its transitional provision as per Directive 8 of the GRAP Reporting Framework.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

#### Operating leases - Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

### 1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Legislature.

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.14 Impairment of cash-generating assets

Cash-generating assets are assets held by the Legislature with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-oriented Legislature, it generates a commercial return.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from the continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.14 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.14 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a 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.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.





# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.16 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present, legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.16 Employee benefits (continued)

#### Other long-term employee benefits

The entity's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the Statement of Financial Performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity recognises the net total of the following amounts as an expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

### 1.17 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation 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 obligation.

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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Provisions are not recognised for future operating expenditure.

If the entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but 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;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 33.

### 1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

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### 1.18 Revenue from exchange transactions (continued)

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

#### Interest, royalties and dividends

Revenue arising from the use by others of Legislature assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### 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.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.19 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity 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 at 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.

#### Transfers

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

#### Services in-kind

Services in-kind that are significant to the Legislature's operations and/or service delivery objectives are recognised as revenue and as assets when it is probable that future economic benefits or service potential will flow to the Legislature and the fair value of the assets can be measured reliably.

For services in-kind that are not significant to the Legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type received during the reporting period are disclosed. Services in-kind are recognised as revenue and as assets.

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### Statutory receivables (continued)

The entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

### Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

### 1.22 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Accounting Policies

### 1.22 Irregular expenditure (continued)

All expenditure relating to irregular expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.24 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in the outflow of economic embodying resources.

Disclosures are required in respect of unrecognised contractual commitments, which are disclosed in Note 25.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant costs (for example, contracts for computer or building maintenance services); and
- contracts relate to something other than the routine, steady, state business of the entity, therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.25 Prepayments and Advances

Prepayments and Advances are expenses incurred by an entity in connection with travel and subsistence which is expensed once proof are submitted from the Legislature officials.

## 2. New standards and interpretations

### 2.1 Standards and interpretations issued, but not yet effective

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
GRAP 25 on Employee benefits (revised)	1. To be determined
GRAP 104 on Financial Instruments (revised)	2. 1 April 2025
IGRAP7 on the limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	3. To be determined
GRAP 21 on the effect of past decisions on materiality	4. 1 April 2023





# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	24	6 000
Bank balances	19 228 879	5 785 106
FNB Investment	34 211 571	41 345 433
	<b>53 440 474</b>	<b>47 136 539</b>

### The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2022	31 March 2021	31 March 2020	31 March 2022	31 March 2021	31 March 2020
FNB BANK Corporate Cheque Account 62113191796	19 228 879	5 785 105	7 985 389	19 228 879	5 785 105	7 985 389
FNB BANK Call Account 62345381248	34 211 571	41 345 433	27 753 299	34 211 571	41 345 433	27 753 299
Petty Cash	-	-	-	24	6 000	6 053
<b>Total</b>	<b>53 440 450</b>	<b>47 130 538</b>	<b>35 738 688</b>	<b>53 440 474</b>	<b>47 136 538</b>	<b>35 744 741</b>

### 4. Receivables from exchange transactions

Creditors with debit balances	128 603	174 606
Deposits	654 320	654 320
Staff debt	579 969	600 818
Claims recoverable	191 583	1 671 610
	<b>1 554 475</b>	<b>3 101 354</b>

### Trade and other receivables pledged as security

None of Trade and other receivables were pledged as security.

### Credit quality receivables from exchange transactions

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

### Gross Receivables

### Reconciliation of provision for impairment for receivables from exchange transactions

Staff debt	358 434	396 845
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The receivables from exchange transactions being staff debt and claims recoverable are recoverable within 12 months from the FSL staff and political parties and not considered for impairment.

### 5. Receivables from non-exchange transactions

Recoverable expenditure	50 000	50 000
Government grants and subsidies	-	1 141 062
Department of Public Works	6 284	6 284
	<b>56 284</b>	<b>1 197 346</b>



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

2022

2021

### 5. Receivables from non-exchange transactions (continued)

#### Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

#### Receivables from non-exchange transactions impaired

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Over 6 months	56 284	1 197 346
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### 6. Prepayments

At the beginning of the year	347 561	898 721
Advance	311 840	325 981
Repayments	(184 013)	(47 110)
Prepayment National Real Estate	-	(830 031)
	<b>475 388</b>	<b>347 561</b>

### 7. Inventories

Consumables	421 274	407 703
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Inventories recognised as an expense during the year	421 274	452 399
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#### Inventory pledged as security

None of the inventories were pledged as security.

## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulate d depreciation and accumulate d impairment	Carrying value	Cost / Valuation	Accumulate d depreciation and accumulate d impairment	Carrying value
Furniture and fixtures	6 738 588	(4 643 996)	2 094 592	6 230 479	(4 255 037)	1 975 442
Motor vehicles	6 063 556	(2 704 014)	3 359 542	6 063 556	(2 159 113)	3 904 443
Office equipment	7 822 867	(4 200 353)	3 622 514	7 275 692	(3 502 376)	3 773 316
IT equipment	7 322 046	(4 541 691)	2 780 355	6 198 218	(3 647 732)	2 550 486
Heritage assets (In-use)	3 319 550	-	3 319 550	3 319 550	-	3 319 550
<b>Total</b>	<b>31 266 607</b>	<b>(16 090 054)</b>	<b>15 176 553</b>	<b>29 087 495</b>	<b>(13 564 258)</b>	<b>15 523 237</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Total
Furniture and fixtures	1 975 442	512 095		(1 385)	(391 560)	2 094 592
Motor vehicles	3 904 443	-		-	(544 901)	3 359 542
Office equipment	1 508 164	554 861	2 265 152	(1 074)	(704 589)	3 622 514
IT equipment	2 550 486	1 123 828		-	(893 959)	2 780 355
Heritage assets (In-use)	3 319 550	-		-	-	3 319 550
<b>Total</b>	<b>15 523 237</b>	<b>2 190 784</b>	<b>2 265 152</b>	<b>(2 459)</b>	<b>(2 535 009)</b>	<b>15 176 553</b>





## Free State Legislature

### Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

Figures in Rand

#### 8. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Total
Furniture and fixtures	2 330 339	28 546	-	-	(383 443)	1 975 442
Motor vehicles	4 708 298	-	-	-	(803 855)	3 904 443
Office equipment	1 755 322	508 989	2 265 152	(2 024)	(754 123)	3 773 316
IT equipment	2 729 251	762 508	-	(33 130)	(908 143)	2 550 486
Heritage assets (In-use)	3 319 550	-	-	-	-	3 319 550
	<b>14 842 760</b>	<b>1 300 043</b>	<b>2 265 152</b>	<b>(35 154)</b>	<b>(2 849 564)</b>	<b>15 523 237</b>

##### Pledged as security

None of the above assets have been pledged as security  
A register containing the information required by section 30 of the FMPPLA is available for inspection at the registered office of the Legislature.

##### Reconciliation of Work-in-Progress 2022

	Included within Other Office Equipment	Total
Opening balance	2 265 152	2 265 152

##### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Total
Additions/capital expenditure	2 265 152	2 265 152

The work in progress relates to the ongoing investigation into modernisation of the 4th Raadsaal.

# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

### 8 Property, plant and equipment (continued)

#### Effects of changes in residual values on Property Plant and Equipment

The remaining useful lives of all plant and equipment were recalculated based on the condition assessment performed. A percentage based on NT guideline were allocated according to the condition and multiplied by the year allocated to the categories new useful life. In addition, the residual values of motor vehicles were estimated as follows:

	Residual value 2022	Residual value 2021	Change
Motor Vehicles	1 873 800	1 618 785	255 015
Subtotal	1 873 800	1 618 785	255 015

#### Effects of changes in Accounting Estimates on Property Plant and Equipment

The remaining useful life of all plant and equipment were recalculate based on the condition assessment performed. A percentage based on a NT guideline were allocated according to the condition and multiplied by the years allocated to the categories new useful life. In addition, the residual value of motor vehicles were estimated in 2021 to be R1 873 800. In the current period management estimated it to be R1 873 800. The effect of this revision has increased the depreciation charges for the current and future periods by

	2021	2022	2023
Depreciation reported in prior year	2 871 929	2 871 929	2 871 929
Effect on Depreciation	(575 174)	(434 472)	(428 420)
<b>Total</b>	<b>2 296 755</b>	<b>2 437 457</b>	<b>2 443 509</b>





## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

#### 9. Intangible Assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	1 248 689	(1 197 153)	51 536	1 248 689	(1 145 617)	103 072
	<b>1 248 689</b>	<b>(1 197 153)</b>	<b>51 536</b>	<b>1 248 689</b>	<b>(1 145 617)</b>	<b>103 072</b>

#### Reconciliation of intangible assets -2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer Software	103 072	-	-	(51 536)	51 536
	<b>103 072</b>	<b>-</b>	<b>-</b>	<b>(51 536)</b>	<b>51 536</b>

#### Reconciliation of intangible assets -2021

	Opening balance	Additions	Disposals	Amortisation	Total
Computer Software	209 750	-	(2 106)	(104 572)	103 072
	<b>209 750</b>	<b>-</b>	<b>(2 106)</b>	<b>(104 572)</b>	<b>103 072</b>

#### Pledged as security

None of the above intangibles have been pledged as security: A register containing the information required by Section 30 of the FMPPLA is available for inspection.



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>10. Services in Kind</b>		
Department of Public Works-4th Raadsaal	1 300 000	1 300 000
South African Police Services	1 192 500	1 192 500
EU Parliamentary Commission	-	-
	<b>2 492 500</b>	<b>2 492 500</b>

The Free State Legislature makes use of the Fourth Raadsaal building, which is the property of the Department of Public Works, .

The South African police Service provides National Key Point access control services to Free State Legislature. Theses services were provided for the entire reporting period.

### 11. Payables from exchange transactions

Trade payables	5 636 329	9 374 949
Salary suspense	45 823	72 348
Unallocated deposits	118 409	118 409
Accrued leave pay	6 179 653	6 518 831
Provision leave	1 184 003	655 117
Accrued payroll expense	7 992 497	6 385 030
Accrued bonus provision	3 560 046	3 499 992
Political parties	(10)	525 990
Social club	-	228 600
Sport club	538 335	287 635
	<b>25 255 085</b>	<b>27 666 901</b>

### 12. Operating lease liability

Current assets	-	-
Operating Lease Liability	2 168 804	1 529 118
Balance at the beginning of the year	1 529 118	270 337
Movement during the year	639 686	1 258 781
	<b>2 168 804</b>	<b>1 529 118</b>

The lease is in respect of Southern Life Plaza being leased for a period until January 2025. Free State Legislature is leasing offices from Mowana Properties for a period of 36 months with 8% escalations per year. Free State Legislature is leasing a Docuware system from Nashua for a period of 36 months with 7% escalations per year. The lease in respect of a Docuware system continues on a month to month contract.

### Operating lease liability (continued)

Up to 1 Year	11 224 678	10 487 316
1 to 5 Years	21 716 374	32 941 053
	<b>32 941 052</b>	<b>43 428 369</b>

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.





## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>13. Employee benefit obligations</b>		
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	-	(8 238 000)
Present value of the defined benefit obligation-partly or wholly funded	-	(1 949 000)
Fair value of reimbursement rights	(12 633 000)	(10 779 000)
	<b>(12 633 000)</b>	<b>(20 966 000)</b>
Non-current liabilities	(12 633 000)	(19 784 000)
Current liabilities	-	(1 182 000)
	<b>(12 633 000)</b>	<b>(20 966 000)</b>
The fair value of plan assets includes:		
<b>Changes in the present value of the employee benefit obligation are as follows:</b>		
Opening balance	20 966 001	17 483 001
Interest cost	702 000	1 346 000
Current Service Cost	-	2 163 000
Expected Benefit	(1 238 000)	(814 000)
Actuarial gains or losses	326 000	788 000
Members Gratuity loss of office	-	-
Net transfer between divisions	2 064 000	-
Long service cost reversal	(10 187 000)	-
	<b>12 633 001</b>	<b>20 966 001</b>
<b>Net expense recognised in the Statement of Financial Performance</b>		
Current service cost	-	2 163 000
Interest cost	702 000	1 346 000
Expected benefit payments	(1 238 000)	(814 000)
Actuarial gains or losses	326 000	788 000
Net transfer between divisions	2 064 000	-
	<b>1 854 000</b>	<b>3 483 000</b>
<b>Key assumptions used</b>		
Assumptions	used	at
Pre-retirement mortality:	Males	and females:
	SA85-90(light)	and normal
	reporting retirement age:	65
	date:	years.
Discount rates used	7,40 %	6,70 %
Asset returns	7,40 %	6,70 %
Price Inflation	4,30 %	3,60 %
Salary inflation	4,30 %	3,60 %
Withdrawal from service at age 20	15,00 %	15,00 %
Withdrawal from service at age 25	10,00 %	10,00 %
Withdrawal from service at age 30	7,00 %	7,00 %
Withdrawal from service at age 35	4,00 %	4,00 %
Withdrawal from service at age 40	2,00 %	2,00 %

#### Actual returns



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>13. Employee benefit obligations (continued)</b>		
<b>Other assumptions</b>		
The defined benefit obligation is particularly sensitive to the financial assumption. In the following table we have illustrated the sensitivity of the defined benefit obligation to changes in the discount rate and salary inflation assumptions at 31 March 2022.		
	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	10 280 000	9 691 000
Effect on defined benefit obligation	11 100 000	10 728 000
Amounts for the current and previous four years are as follows:		
<b>Defined contribution plan</b>		
It is the policy of the entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.		
The entity is under no obligation to cover any unfunded benefits.		
Included in defined contribution plan information above, is the following plans which is are a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plans as a defined benefit plans. The entity accounted for this (these) plans as a defined contribution plans:		
<b>14. Other Income</b>		
Insurance Claims and other income	286 991	367 134
<b>15. Interest Revenue</b>		
<b>Interest revenue</b>		
Cheque Account	332 310	287 510
Investment Account	1 133 138	417 977
Staff debt	37 322	41 287
	<b>1 502 770</b>	<b>746 774</b>
<b>16. Government grants and subsidies</b>		
<b>Operating grants</b>		
Annual appropriation	264 795 460	264 650 000
Statutory appropriation	25 970 478	25 424 000
	<b>290 765 938</b>	<b>290 074 000</b>
<b>Statutory appropriation</b>		
Balance unspent at beginning of year	-	(1 141 062)
Current-year receipts	25 782 531	25 874 796
Conditions met - transferred to revenue	(25 782 531)	(24 733 734)
	<b>-</b>	<b>-</b>



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>17. Employee related costs</b>		
Accrual leave expense	189 708	2 139 094
Accrual service bonus	60 054	365 593
Acting allowance	624 231	108 963
Basic	87 569 369	85 572 885
Bonus	7 206 232	6 989 969
Car allowance	5 779 464	7 391 351
Cellphone allowances	825 600	807 352
Defined contribution plans	14 654 416	14 357 099
Head of department allowances	114 981	162 713
Housing benefits and allowances	5 330 935	4 995 168
Leave payments	4 028 627	3 961 735
Long-service awards paid	(10 187 000)	1 601 204
Long-service leave expense	-	2 163 000
Medical aid - company contributions	5 643 908	5 265 906
Non-Pensionable Allowance	3 770 932	248 704
Overtime payments	545 872	679 750
UIF	320 724	269 919
Uniform allowance	12 424	9 504
	<b>126 490 477</b>	<b>137 089 909</b>

#### Key management

##### Remuneration of the former Secretary

Annual Remuneration	-	942 884
Car Allowance	-	299 173
HOD Allowance	-	155 504
Contributions to UIF, Medical and Pension Funds	-	190 815
Cellphone Allowance	-	16 450
Housing Allowance	-	24 941
Bonus	-	190 822
Gratuity	-	1 616 372
	-	<b>3 436 961</b>

##### Remuneration of the Secretary

Annual Remuneration	1 611 506	1 561 665
Car Allowance	508 854	469 282
Bonus	132 091	130 138
Contributions to UIF, Medical and Pension Funds	340 282	330 602
Cellphone Allowance	26 100	24 600
Housing Allowance	46 223	45 536
Acting Allowance	36 985	10 411
HOD Allowance	114 981	-
Non pensionable allowance (once off)	22 000	-
	<b>2 839 023</b>	<b>2 572 234</b>

##### Remuneration of Chief Financial Officer

Annual Remuneration	1 585 089	1 561 665
Car Allowance	476 324	469 282
Cellphone Allowance	24 600	24 600
Contributions to UIF, Medical and Pension Funds	316 498	321 090
Housing allowance	46 223	45 536
Bonus	132 091	130 138
Non pensionable allowance	22 000	-



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>17. Employee related costs (continued)</b>	<b>2 602 825</b>	<b>2 552 311</b>
<b>Remuneration Joint Management</b>		
Annual Remuneration	10 021 831	9 487 885
Car Allowance	2 889 521	2 348 957
Cellphone Allowance	122 400	163 200
Contributions to UIF, Medical and Pension Funds	2 178 373	1 894 679
Housing Allowance	277 339	182 150
Bonus	835 153	803 112
Acting allowance	42 828	-
Non pensionable allowance	176 000	-
	<b>16 543 445</b>	<b>14 879 983</b>
<b>18. Members remuneration</b>		
Basic Salary	12 991 470	12 560 240
Non-pensionable allowance	3 194 517	2 896 878
Car Allowance	1 984 518	2 136 556
Public Office Bearer Allowance	2 260 000	2 280 000
Medical Allowance	1 585 186	1 521 006
Political Pension Fund	3 303 414	3 339 054
Gratuity	2 063 540	-
	<b>27 382 645</b>	<b>24 733 734</b>
<b>Remuneration of the Speaker - NB Sifuba</b>		
Annual Remuneration	1 066 677	1 066 677
Public Office Bearer Allowance	120 000	120 000
Medical and Pension Fund	338 888	338 410
Non-Pensionable Allowance	452 708	455 388
	<b>1 978 273</b>	<b>1 980 475</b>
<b>19. Transfers and subsidies</b>		
Political Party Fund	-	30 000 000
Constituency Allowance	26 801 430	14 997 245
Office Allowance	28 532 196	18 224 870
Study Allowance	271 170	262 065
Research Allowance	9 900 333	5 571 031
	<b>65 505 129</b>	<b>69 055 211</b>
Transfers and subsidies as disclosed for an amount of R65,505,129 million relates to transfers to political parties to enable the political parties to establish and maintain their own administrative infrastructure and general support services to members and party leadership. The expenditure vest with political parties and must be accounted for annually to the Legislature. In terms of Section 6 of the Political Party Fund Act, 2008 (Act no 3 of 2008) and prescribed policy requires that the books and records of account of every represented political party must be audited by a public accountant and auditor registered and practicing as such in terms of the Public Accountants and Auditors Act 1991 (Act no 80 of 1991) within prescribed timeframes.		
<b>20. Finance Cost</b>		
Finance leases	55 352	60 405
Interest cost - Employee benefit obligation	702 000	1 346 000
Other interest paid	72	-
	<b>757 424</b>	<b>1 406 405</b>



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>21. General expenses</b>		
Advertising	1 130 809	442 684
Assets Expensed	473 980	31 945
Audit Fees	6 972 169	4 936 597
Bank charges	88 490	97 411
Catering	1 465 829	822 070
Cleaning	7 048	3 514
Computer Expenses	65 280	7 200
Consulting and professional fees	5 340 255	6 273 376
Consumables	1 108 480	918 894
Performers and artists	116 490	774
Maintenance & Repairs	-	6 240
flowers	893	3 395
Fuel and oil	420 941	410 884
Donations-Speakers Activities	1 155 052	1 172 396
Maintenance cost	108 098	67 354
Printing and publications	829 838	302 342
Protective Clothing	137 121	54 815
Rental: equipment and facilities	9 239 566	6 784 980
License and Subscriptions	216 996	75 776
Study aid	652 284	439 837
Subscriptions and membership fees	779 835	795 810
Telephone and fax	1 055 580	918 905
Training	290 247	13 301
Transport and freight	132 171	118 348
Conferences and seminars	-	13 470
Interest paid	-	77 639
Warranty	-	732
Communications	1 804 850	2 151 208
Interest paid	-	-
Relocation cost	63 300	-
	<b>33 655 604</b>	<b>26 941 897</b>
<b>22. Property payments</b>		
Office rent	15 329 414	16 410 340
Garden services	120 500	136 500
Insurance	632 462	957 483
Municipal services	3 449 772	3 825 164
	<b>19 532 148</b>	<b>21 329 487</b>
<b>23. Travel and subsistence</b>		
Travel - local	5 228 016	4 507 404
Travel - overseas	114 639	-
	<b>5 342 655</b>	<b>4 507 404</b>



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>24. Cash generated from operations</b>		
Surplus	13 467 110	4 863 013
<b>Adjustments for:</b>		
Depreciation and Amortisation	2 586 545	2 954 139
Loss on sale of assets and liabilities	2 461	33 241
Post Retirement Benefit	(8 333 000)	4 271 000
Actuarial (gain)/Loss	326 000	(788 000)
Leave Pay Provision	189 708	(1 534 862)
Accrued Bonus Provision	60 054	4 039 549
Accrued Payroll	806 828	624 862
Finance costs	757 424	60 405
Movement in operating lease	639 614	1 258 781
<b>Changes in working capital:</b>		
Inventories	(13 571)	(158 424)
Receivables from exchange transactions	1 546 879	(2 941 069)
Other Receivables from non-exchange transactions	1 141 062	10 000
Prepayments	(127 806)	551 160
Trade and other payables	(3 738 619)	2 163 394
Political Party Suspense	(503 900)	
	<b>8 806 790</b>	<b>15 407 189</b>



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>25. Commitments</b>		
<b>Operating leases</b>		
• Within 1 year	793 634	10 487 316
• Within 1 to 2 years	34 099 965	32 941 053
	<b>34 893 599</b>	<b>43 428 369</b>
<b>Approved and not yet contracted for</b>		
• Xerox	577 209	-
• Nashua	2 830	-
• Central Plaza Investments	-	2 576 217
	<b>580 039</b>	<b>2 576 217</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	34 893 599	43 428 369
Not yet contracted for and authorised by member	580 039	2 576 217
	<b>35 473 638</b>	<b>46 004 586</b>

Refer to Note 12.

#### Finance leases

##### Minimum lease payments due

- within one year	-	396 445
- in second to fifth year inclusive	-	285 275
	-	<b>681 720</b>

Details of Finance lease commitments:

The Free State Legislature's finance leases include:

- Leasing of cell phones from Vodacom and Nashua Copiers.
- After the contract expires, the cell phones become the property of the Free State Legislature.
- There is no escalation clause in the contract and the duration of the contracts are for 2 years, whilst the copiers are for 3 years.

#### 26. Budget differences

##### Basis differences - Cash Flow

Profit as per budget statement	Reconciliation
(increase)/decrease Receivables	11 439 480
(increase)/decrease Prepayments and advances	2 853 443
increase/(decrease) in payables	(127 806)
Expenditure Capital assets	5 865 373
Interest Paid	1 429 598
Working capital movement	79 000
	(15 235 152)
Net increase/(decrease) in cash and cash equivalents	<b>6 303 936</b>

**Material differences between budget and actual amounts.**





# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>26. Budget differences (continued)</b>		
26.1 <b>Other income:</b> Variance is due to the proceeds received from the sale of assets which is being processed under other income on the financial system of the Free State Legislature.		
26.2 <b>Interest received:</b> Interest received on investment account		
26.3 <b>Employee related cost:</b> Immaterial.		
26.4 <b>Members Remuneration:</b> Relates to gratuity received from Treasury that was outstanding in prior years.		
26.5 <b>Transfers and subsidies:</b> Forfeited amounts by political parties due to non-compliance to policies.		
26.6 <b>Payment for capital assets:</b> Purchase of capital assets will be done in 2022/23		
26.7 <b>Goods and services:</b> The difference is due to underspending by portfolio committee due to the impact of COVID 19.		
<b>27. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2022</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from exchange transactions	1 554 475	1 554 475
Receivables from non-exchange transactions	56 284	56 284
Cash and Cash Equivalents	53 440 474	53 440 474
	<b>55 051 233</b>	<b>55 051 233</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Finance lease obligation	609 876	609 876
Payables from exchange transactions	25 255 085	25 255 085
Non-current Operating lease liability	2 168 804	2 168 804
	<b>28 033 765</b>	<b>28 033 765</b>
<b>2021</b>		
<b>Financial assets</b>		
	At amortised cost	Total
Receivables from non-exchange transactions	1 197 346	1 197 346
Receivables from exchange transactions	3 101 354	3 101 354
Cash and Cash Equivalents	47 136 539	47 136 539
	<b>51 435 239</b>	<b>51 435 239</b>
<b>Financial liabilities</b>		
	At amortised cost	Total
Payables from exchange transactions	27 666 901	27 666 901
Finance lease obligation	612 684	612 684
Non-current Operating lease liability	1 529 118	1 529 118



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

<u>2021/2022</u>	<u>2020/2021</u>
28 808 703	28 808 703



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>28. Auditors' remuneration</b>		
Fees	6 972 169	4 936 597

## 29. Prior-year error/adjustments

### Statement of financial position

#### 2021

The prior year has been amended to account for prior period errors.

	Note	Balance as previously reported	Prior Period Error	Restated
Cash and Cash equivalent		47 136 539	-	47 136 539
Receivables from exchange transactions		2 851 275	250 079	3 101 354
Receivables from non-exchange transactions		1 197 346	-	1 197 346
Prepayments		347 561	-	347 561
Inventories		407 703	-	407 703
Property Plant and Equipment	8	15 480 960	42 277	15 523 237
Intangible assets		241 702	(138 630)	103 072
Finance lease obligation		358 759	-	358 759
Payables from exchange transactions		27 666 901	-	27 666 901
Employee benefit Obligations		1 182 000	-	1 182 000
Finance lease obligation		271 045	(17 120)	253 925
Operating lease liability		1 529 118	-	1 529 118
Employee benefit obligation		19 784 000	-	19 784 000
		<b>118 454 909</b>	<b>136 606</b>	<b>118 591 515</b>

### Statement of financial performance

#### 2021

	Note	Balance as previously reported	Change in Accounting Policy	Prior Period Error	Reclassification	Restated
Other income		418 563	-	-	76 321	494 884
Interest received		746 773	-	(26 896)	-	719 877
Service in-kind		2 492 500	-	-	-	2 492 500
Government grants and subsidies		290 074 000	-	-	-	290 007 400
Employee related costs		(137 089 909)	-	-	-	(137 089 909)
Members remuneration		(24 733 734)	-	-	-	(24 733 734)
Transfers and subsidies		(69 055 211)	-	-	-	(69 055 211)
Depreciation and amortisation		(3 019 764)	65 625	-	-	(2 954 139)
Finance cost		(1 406 405)	2 823	-	-	(1 403 582)
Loss/Assets		(33 241)	-	-	-	(33 241)
Property payments		(21 329 487)	-	-	-	(21 329 487)
General expenses		(27 190 976)	249 079	-	-	(26 941 897)
Travel and Subsistence		(4 507 404)	-	-	-	(4 507 404)
<b>(deficit) Surplus for the year</b>		<b>5 365 705</b>	<b>317 527</b>	<b>(26 896)</b>	<b>76 321</b>	<b>5 666 057</b>



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

				2022	2021
<b>Cash flow statement</b>					
<b>2021</b>	<b>Balance as previously reported</b>	<b>Change in Accounting Policy</b>	<b>Prior Period Error</b>	<b>Reclassification</b>	<b>Restated</b>
<b>Cash flow from operating activities</b>					
Other Income	230 073		264 811		494 884
Grants	290 074 000				290 074 000
Interest Income	746 773			26 896	746 773
	<b>291 050 846</b>		<b>264 811</b>	<b>26 896</b>	<b>291 315 657</b>
<b>Payments</b>					
Employee Costs	(132 611 360)				(132 611 360)
Members remuneration	(24 733 734)				(24 733 734)
Suppliers	(49 448 048)		33 219		(49 414 829)
Transfers & Subsidies	(69 055 211)				(69 055 211)
	<b>(275 848 353)</b>		<b>33 219</b>		<b>(176 952 257)</b>
<b>Cash flow from Investing activities</b>					
Purchase of property plant equipment	(3 232 491)				(3 232 491)
Proceeds from sale of property	4 020				4 020
Purchase of intangible assets	(159 743)				(159 743)
	<b>(3 388 214)</b>				<b>(3 388 214)</b>
<b>Cash flow from Financing activities</b>					
Finance lease payments	(422 481)				(422 481)
	<b>(422 481)</b>				<b>(422 481)</b>

<b>Cash Flow from Operating activities</b>	<b>Balance as previously reported</b>	<b>Change in accounting policy</b>	<b>Prior period error</b>	<b>Reclassified</b>	<b>Adjusted balances</b>
Surplus (deficit)	4 577 705	-	285 308	-	4 863 013
Depreciation and amortisation	3 019 764	-	65 625	-	2 954 139
Loss on sale of assets	33 241	-	-	-	33 241
Post retirement benefit	4 271 000	-	-	-	4 271 000
Actuarial (gain)loss	(788 000)	-	-	-	(788 000)
Accrued bonus provision	4 039 549	-	-	-	4 039 549
Leave Pay Provision	(1 534 862)	-	-	-	(1 534 862)
Accrued payroll expense	624 862	-	-	-	624 862
Finance cost	60 405	-	-	-	60 405
Movement in operating	1 258 781	-	-	-	1 258 781



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

				2022	2021
lease					
Inventories	(158 424)	-	-	-	(158 424)
Receivables from exchange transactions	(2 690 990)	-	(250 079)	-	(2 941 069)
Other Receivables from non-exchange transactions	10 000	-	-	-	10 000
Prepayments	551 160	-	-	-	551 160
Trade and other payables	1 928 302	-	235 092	-	2 163 394
	<b>15 202 493</b>	<b>-</b>	<b>335 946</b>	<b>-</b>	<b>15 407 189</b>



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

2022

2021

#### 30. Comparative figures

##### Note 31- Risk Management.

At 31 March 2021-Receivables from Exchange transactions were understated with R250079 due to an error on staff debt

Note 28:Financial Instruments disclosure

Finance Lease obligation was overstated with R17120.00 due to the reevaluation of useful life.

#### 31. Risk management

##### **Financial risk management**

The entity's activities expose it to a variety of financial risks: liquidity risk and credit risk.

##### **Liquidity risk**

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	25 136 676	118 409	-	-
At March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	27 666 900		-	-

##### **Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise mainly of staff debt, which is recovered monthly from salary deductions.

Cash and cash equivalents	53 440 774	47 136 539
Prepayments	475 388	347 561
Receivables from exchange transactions	1 554 475	3 101 354
Receivables from non-exchange transactions	56 284	1 197 346



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>32. Contingencies</b>		
<b>Contingent liabilities</b>		
MEC Police	14 996	14 996
CCMA Case	367 800	367 800
Mangaung Metro Municipality	421 035	421 035
Modernisation of Raadsaal	1 378 655	-
Central Plaza Investment	604 599	-
Thandiwe Reachable Vs The ANC and Others	495 920	-
Tshidiso Nico Nkhole Vs FSL	1 851 983	-
	<b>5 134 988</b>	<b>803 831</b>

### Claims against the Legislature

**1. MEC Police, Roads & Transports / Vehicle accident case:**

The driver of the former Speaker has agreed to meet with the State Attorneys with a view to resolving the matter. The process is still not resolved

**2. CCMA Case:**

The employee has a dispute regarding his car allowance tiers. The matter was referred to the Labour Court and an award was made against the Legislature. The Legislature filed a notice for appeal. Case to continue.

**3. Mangaung Metro Municipality:**

There was a dispute concerning a municipal water account of the Free State Legislature (Raadsaal).

**4. Fourth Raadsaal**

Fourth Raadsaal modernisation project investigation is still on going. Current status is a review application to the High Court.

**5. Central Plaza Investment:**

Letter of demand by the Legislature to produce proof of designs of electronic invitations account.

**6. Thandiwe Reachable Vs The ANC and Others: Review of candidate list.**

**7. Tshidiso Nico Nkhole Vs FSL: Claim for legal costs by the applicant.**

### 33 Related parties

Department of Public Works

Occupation of the Fourth Raadsaal Free of Charge –

Refer to note on Services in Kind

Key management and members

Refer to note 18 & 19

### 34 Events after the reporting date

The impact of Covid-19 on discount rate was factored into the calculation since Zero Coupon bonds were used in the calculation of the discount rate. Zero-Coupon yields reflect the future expectation of inflation and discount rates as the yields are largely dependant on how well or badly the South African economy is doing. Thus the impact of Covid-19 and other risks that South Africa may face are factored into the yields.

After the reporting date, 31 March 2022, the proclamation notice 67 of 2022 by the President of the Republic of South Africa on members' remuneration increase was approved on the 9 June 2022. This increase was with effect from 1 April 2021 to 31 March 2022. Based on the above, this matter meets the definition of an adjusting subsequent event. The amount disclosed as a direct charge expenditure amounts to R24 544 531. The implementation of the 3% increase the direct charge will be R25 233 610. The Legislature will therefore account for the difference of R689 079 on direct charges in the adjusted Financial Statements.





## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>35. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	1 312 890	402 281
<b>Opening balance as restated</b>	<b>1 312 890</b>	<b>402 281</b>
Add: Fruitless expenditure	136 957	940 287
Less: Amounts recoverable - officials and suppliers	(626 124)	(29 678)
Less: Amounts condoned - current year	(133 903)	-
<b>Closing balance</b>	<b>689 820</b>	<b>1 312 890</b>



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

### 35 Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
catering	None	57 094	42 794
Public transport	None	21 945	4 400
Traffic fines	None	-	660
PPE –Covid19	None	-	27 814
Designs of invitation – State of Province Address		-	525 739
Material supply for Daveport desks – suspended project		-	338 881
Accidents and repairs		40 355	-
Long service Overpayment		17 563	
		<b>119 394</b>	<b>940 288</b>

In terms of Section 7.5 of the Guideline on Fruitless & Wasteful expenditure, transactions listed under current year are still subject to investigations.

### 36. Irregular expenditure

Opening balance as previously reported	7 857 878	26 800 909
<b>Less: Amounts written off</b>	<b>7 857 878</b>	<b>26 800 909</b>
Add: Irregular Expenditure - current year	1 861 811	2 822 716
Less: Amount written off - current	(8 588 437)	(21 765 747)
<b>Closing balance</b>	<b>1 131 252</b>	<b>7 857 878</b>

Analysis of Expenditure awaiting condonation per age classification

Current Yea	532 238	2 822 716
Prior Year	599 014	5 035 161
	<b>1 131 252</b>	<b>7 857 877</b>



## Free State Legislature

### Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

Figures in Rand

#### 36. Irregular expenditure (continued)

Incidents/cases identified include those listed

below:

SCM Process - Tender Process not followed			1 172 357
Non compliance - extension of contract		-	1 154 296
SCM Process - Non compliance	1 758 754		496 063
Transport non-tax compliance	69 162		-
SCM Process - COVID-19 PPE Sourcing	17 760		-
	16 135		-
	<b>1 861 811</b>	<b>2 822 716</b>	

Disciplinary proceedings steps taken/criminal proceedings

None  
None  
None  
none

#### Details of irregular expenditure – current year

#### Details of irregular expenditure written off by the Speaker after year-end

SCM Process - Tender Process not followed			19 909 610
SCM - Cost incurred out of contract	4 855 007		10 500
SCM Process- Non compliance	-		1 575 259
SCM Process - Covid 19 PPE Sourcing	3 733 430		119 629
SCM Process - Combating abuse Section 10 (2) Regulations	-		150 750
	<b>8 588 437</b>	<b>21 765 748</b>	

Condoned by (Condoning authority)

Speaker  
Speaker  
Speaker  
Speaker  
Speaker



# Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

## Notes to the Annual Financial Statements

### 36. Irregular expenditure (continued)

#### Analysis of expenditure awaiting condonation per age classification

Current Year	494 447	2 822 716
Prior Years	599 014	5 035 161
	<b>1 093 461</b>	<b>7 857 877</b>

Section 9 - Guideline on irregular, transactions disclosed have been registered by Loss & Control Committee for investigation.

Modernisation of the Fourth Raadsaal project was disclosed in the previous financial year as under investigation. Current status is that the matter is sub-judice at the High Court of SA

### 37. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant is that the Legislature continue to be funded for the ongoing operations of the institution.

Covid - 19 have been taken into consideration during the preparation of the annual financial statements. The effect of Covid 19 is not significant as the Legislature will still receive funding for the ongoing operations of the institution.

### 38. Finance lease obligation

#### Minimum lease payments due

Capitalised Lease Liability - Armotised Cost	609 875	629 804
	609 875	629 804
less: Current portion transferred to Current liabilities	(325 463)	(358 759)
<b>Total Long-term Borrowings</b>	<b>284 412</b>	<b>271 045</b>

Finance lease loans on cellphones at armotised cost is calculated at 10% interest rate with last maturity date of November 2021. Interest rates are linked to Government borrowing rates. Refer below for descriptions, maturity dates, and effective interest rates of structured loans and finance. The loans are unsecured.

Finance lease loans on photocopiers at armotised cost is calculated at 10.25%/10.00%/5.26%/9.75% interest rate, with last maturity date of October 2024. Interest rates are linked to government borrowing rates. Refer below for descriptions, maturity date, effective interest rates of structured loans and finance. the loans are unsecured.

Non-current liabilities	284 413	253 925
Current liabilities	325 463	358 759
	<b>609 876</b>	<b>612 684</b>

Hire Purchases and Leases are secured by property, plant and equipment - Note 2



## Free State Legislature

Annual Financial Statements for the year ended 31 March 2022

### Notes to the Annual Financial Statements

#### 38.1 The obligations under finance leases are scheduled below: Amounts payable under finance leases:

Payable within 1 year	365 608	456 605
Payable within 2 to 5 years	302 946	591 694
Less: Future Finance Obligation	(58 679)	(111 891)
<b>Present value of finance lease obligations</b>	<b>609 875</b>	<b>936 408</b>

Supplier	Description of Lease item ;	Effective interest Rate	Annual Escalation	Lease Term	Maturity Date
Vodacom	Iphone XR 64GB	10,00 %	- %	2 years	2021/07/03
Vodacom	Iphone XR 64GB	10,00 %	- %	2 years	2021/07/03
Vodacom	Iphone XR 64GB	10,00 %	- %	2 years	2021/07/03
Vodacom	Iphone XR 64GB	10,00 %	- %	2 years	2021/07/03
Vodacom	Samsung A70	10,00 %	- %	2 years	2021/07/03
Vodacom	Iphone XS 512GB	10,00 %	- %	2 years	2021/07/03
Vodacom	Samsung A10 plus	10,00 %	- %	2 years	2021/06/25
Vodacom	Iphone XR 128GB	10,00 %	- %	2 years	2021/11/01
Gerox	Xerox C8055	10,25 %	- %	3 years	2022/02/12
Gerox	Xerox C8055	10,25 %	- %	3 years	2022/02/12
Nashua	MP2501	10,25 %	- %	3 years	2022/02/11
Nashua	MP2501	10,25 %	- %	3 Years	2022/02/11
Nashua	MP2501	10,25 %	- %	3 Years	2022/02/11
Nashua	MP2501	10,00 %	- %	3 Years	2022/11/30
Nashua	MP2501	10,00 %	- %	3 Years	2022/11/30
Nashua	MP2501	10,00 %	- %	3 Years	2022/11/30
Nashua	MP2501	10,00 %	- %	3 Years	2022/11/30
Nashua	IMC6000	10,00 %	- %	3 Years	2022/11/30
Gerox	ALTALINKC8 070	5,26 %	- %	3 Years	2023/11/24
Gerox	ALTALINKC8 070	5,26 %	- %	3 Years	2023/11/24

#### 38.1 Finance lease obligation (continued)

Gerox	Xerox Primelink C9070	9,75 %	- %	3 Years	2024/10/11
Gerox	Xerox Primelink C9070	9,75 %	- %	3 Years	2024/10/11

Non-current liabilities	284 413	253 925
Current liabilities	325 463	358 759
	<b>609 876</b>	<b>612 684</b>

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

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## NOTES

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FREE STATE LEGISLATURE

# ANNUAL REPORT 2021/2022

**Free State Legislature**

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