



# ANNUAL REPORT 2022/23 FINANCIAL YEAR



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# 1. PART A: GENERAL INFORMATION

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# **1.1 Abbreviations and Acronyms**

Abbr./Acronymn	Descriptions
AFS	Annual Financial Statements
AGSA	Auditor General South Africa
APP	Annual Performance Plan
CFO	Chief Financial Officer
COID	Compensation for Occupational Injuries and Diseases
CPA	Commonwealth Parliamentary Association
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
ERP	Enterprise Resource Planning
FMPPLA	Financial Management of Parliaments and Provincial Legislatures (Act no. 10 of 2009)
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IAS	International Accounting Standards
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
MEC	Member of Executive Council
IYMs	In-Year Monitoring reports
NCOP	National Council of Provinces
NRF	National Revenue Fund
OAG	Office of the Accountant General
PAA	Public Audit Act of South Africa (Act no. 25 of 2004)
PFMA	Public Finance Management Act (Act no. 1 of 1999)
PPP	Public Private Partnerships
SCM	Supply Chain Management
SCOPA	Standing Committee Public Accounts
SITA	State Information Technology Agency



# 1.2 VISION, MISSION, VALUES AND MANDATE

# **VISION**

The Limpopo Legislature is a representative body, a vanguard of people's aspirations and interests towards a democratic, non-sexist, non-racial, united and a prosperous society.

# **MISSION**

The Legislature is an autonomous institution and an agent for transformation that strives to:

- Defend, strengthen, deepen and maintain democracy;
- Make quality laws and policies for the citizens of the province;
- Have an effective and meaningful participation of the citizens in the law-making processes;
- Articulate the needs and desires of the citizens:
- Be a transparent, consultative and accountable institution;
- Maintain norms set nationally for eradication of racism and gender imbalances;
- Have a representative and accountable budget; and
- Ensure provision, retention of competent skills and efficient utilization of human resources.

# **VALUES**

The core values that the legislature espouses are:

- Honesty, integrity and reconciliation
- Consultation, transparency, accountability, participation and open communication
- Commitment to transformation and continuous learning
- Responsive

# **MANDATE**

- Law making
- Oversight
- Public Participation

#### SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

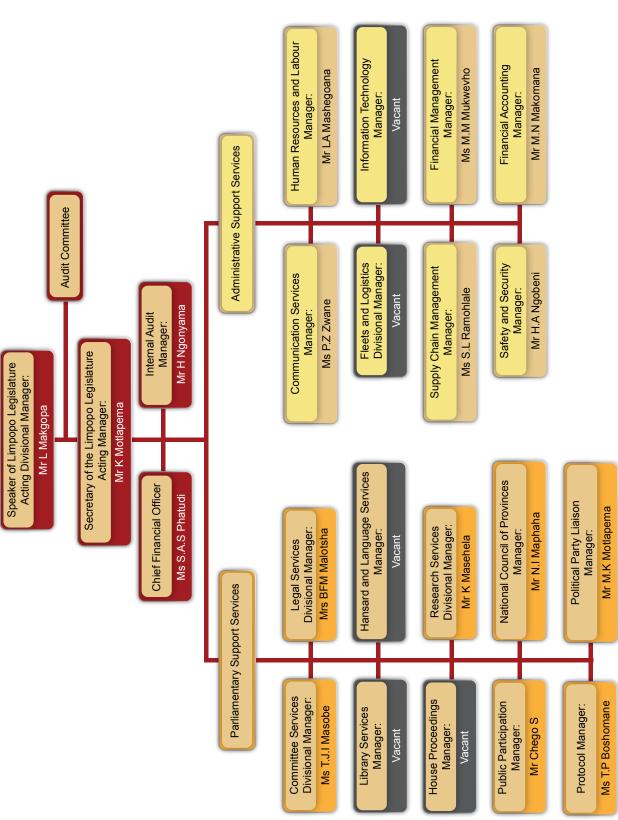
In accordance with section 55 of the Financial Management Act of Parliament and Provincial Legislatures (Act no. 10 of 2009), I hereby submit the institution's Annual Report for the 2022/23 financial year, in my capacity as an Accounting Officer for the Limpopo Legislature.

# 1.3 LEGISLATIVE MANDATE

The Legislature derives its mandate from Sections 104 to 124 of the Constitution which state that:

- 114 (1) In exercising its legislative powers, a provincial legislature may-
  - (a) Consider, pass, amend or reject any Bill before the Legislature; and
  - (b) Initiate or prepare legislation, except money Bills.
- 114 (2) A provincial legislature must provide for mechanisms-
  - (a) Ensure that all provincial executive organs of state in the province are accountable to it; and
  - (b) To maintain oversight of-
    - (i) The exercise of provincial executive authority in the province, including the implementation of legislation; and
    - (ii) Any provincial organ of state.
- 116 (2) Provide financial and administrative assistance to each party represented in the Legislature, in proportion to its representation, to enable the party and its leader to perform their functions in the Legislature, effectively.
- 118 (1) A provincial legislature must facilitate public involvement in the legislative and other processes of the Legislature and its Committees.
  - Financial Management Act of Parliament and Provincial Legislatures (Act no. 10 of 2009)

# 1.4 MACRO STRUCTURE AS APPROVED BY THE LIMPOPO LEGISLATURE SERVICE BOARD: 09 SEPTEMBER 2008 **LIMPOPO LEGISLATURE**





n line with Section 55 (2) of the Financial Management of Parliament and Provincial Legislatures (FMPPLA), the annual report provides details on the activities and performance of the Legislature during the 2022/23 financial year. In the year under review, the Limpopo Legislature continued relentlessly to fulfill its mission of playing a critical role in law making by ensuring that 25 NCOP Bills were facilitated, while Committees succeeded in processing 7 Bills which were referred to them by the House. This is an indication of the unfading commitment of the various portfolio committees of this institution in ensuring that the measurable objectives that were set in the financial year under review are met. Our committees have been hard at work to wrap up on their programmes to minimize the backlog for the next term. Oversight visits were conducted to verify and validate the performance of the Executive. This exercise culminated in reports which were finally tabled in the House.

As part of its mission of ensuring that there is public participation, the legislature has continued to involve communities in the processes of the institution. Four public hearings were held where there were deliberations on various bills that affect the citizens of our province. As can be seen in the annual report, there has been an increase in the number of petitions that communities submitted to the legislature from 19 (in 2021/22) to 41 (in 2022/23) financial year. The explanation for this could be two-fold: the first being that communities are becoming more aware and utilizing the available mechanisms to voice their problems and/ or increase in challenges with regard to service delivery related issues. Whatever the case may be, it is important to ensure that the petitions voiced by communities are effectively responded to in order to create a better life for our people. In line with the above approach, our committees will intensify oversight visits to communities. This will ensure that problems are addressed in a proactive manner rather than waiting for communities to petition the Legislature.

In the year under review, the legislature has participated in various legislative fora. As part of our involvement in the Parliamentary Exchange programme, the Legislature attended three Common Parliamentary Association (CPA) events where we engaged in an information sharing exercise aimed at enhancing the oversight responsibilities of the Legislature. In addition to our participation in the National Speakers Forum, the Legislature successfully hosted a provincial Speakers' Forum under the theme 'Strengthening Legislative Support to Local Government' where we interacted with Speakers from various municipalities in our Province. The Legislature was also able to reach out to our municipalities in the province through training of the Municipal Public Account Committees. Our overall performance has improved from an unqualified to a clean audit having addressed the issues raised by the AGSA in the previous financial years.

In pursuit of our mandate for oversight, public participation and law making the institution will continue to be the vanguard of the people by constantly striving for excellence and continuous improvement which informed the implementation plan of its Annual Performance Plan in the financial year 2022/23. Moving to the 2023-24 financial year we remain committed to the Constitutional imperative of being the representatives of the people. As the term draws to an end the Legislature has been hard at work trying to wrap up on the work/projects of this term to avoid overlapping of activities to the next financial year. I wish to appreciate the work of the management and staff of the Legislature for their commitment, dedication and professionalism which I believe will be carried to the next term.

Ellin

Hon Molapo RR

Speaker: Limpopo Legislature



This annual report presents a coherent narrative on how the institution has fared in the 2022/23 financial year. In the year under review the legislature successfully advanced its constitutional mandate of exercising oversight over the Executive Departments. Committees were able to process 130 reports which were tabled in the House for consideration. Committees were also able to carry out 33 site visits which ensured that they were able to validate key reported performance by Provincial Departments and their entities. This is indeed a commendable initiative as site visits have proven to bring positive results, especially with regard to enhancing and improving service delivery in our Province.

The institution has also been able to actively involve the public in the affairs of the legislature by conducting four (4) public hearings. These hearings are essential in that they grant communities the opportunity to make their voices heard in relation to various legislations that were passed by the House. It has been observed by many thinkers that meaningful public participation is important for the sustenance of any thriving democracy. The legislature is therefore striving hard to ensure that the participation by our communities is meaningful, hence four educational workshops were conducted in the year under review. These workshops will be even more critical in the coming financial year which is preceding the general elections as they will empower the citizens to effectively interact with the legislative processes.

Members of the public also exercised their constitutional rights by petitioning the legislature on issues that affected their respective communities. In the year under review, a total of 41 petitions were referred to the relevant departments for implementation. These petitions covered a wide range of issues, most of which were service delivery related. The Petitions Committee of the legislature will continue to follow up on the issues raised to ensure that challenges facing communities are addressed. The extent to which these issues will be dealt with remains critical in relation to the role and impact of the Legislature as the representative of the people.

Committees of the Legislature have been working hard to ensure that outstanding backlogs are closed before the commencement of the next term. They were able to interact with the Executive Departments by holding 118 oversight meetings through which they had meaningful engagement with the Executive Departments. These meetings are fundamental in that they serve as basis of enforcement of accountability over the Executive Departments. Despite all the challenges in the year under review, the Legislature was able to achieve most of its targets. The institution is in the process of ensuring that the following critical projects are completed in the next financial year: renovation of the Chamber, installation of a new chamber system, adherence to the requirements of the national key point and preparations for the induction of members for the next term. The institution will also strive hard to continuously close any existing gaps in the following financial year. We appreciate the good and unwavering support from our assurance providers, namely Audit Committee, Internal Audit, the Auditor General of South Africa, management and all staff. I would like to express my gratitude to the Honourable Speaker and Honourable Deputy Speaker for their support and guidance in ensuring that the institution is guided successfully in the attainment of its constitutional responsibilities and a clean audit outcome.

Dr Nkuna IS

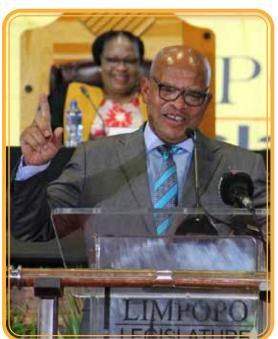
Acting Secretary: Limpopo Legislature













# Office of the Speaker

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide political leadership	Number of sittings	Quarterly and Annually	22 sittings	28 sittings	Sittings are as per the legislative programme
and financial oversight to the Legislature	Number of programming Committee Meetings	Quarterly and Annually	Programming Committee Meetings	Programming Committee Meetings	Meetings are as per the schedule of the Programming Committee
	Number of internal arrangement meetings	Quarterly and Annually	4 internal arrangement meetings	3 internal arrangement meetings	Internal arrangements meetings are determined by the business of the Internal Arrangements Committee
	Number of In- Year- Monitoring reports, AFS and IFS reports	Quarterly and Annually	12 In-Year- Monitoring reports, 1 AFS and 1 IFS	12 In-Year- Monitoring reports, 1 AFS and 1 IFS	Target achieved

# Office of the Secretary

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide strategic direction and administrat ive support	Number of Strategic documents developed, reviewed and monitored	Quarterly and Annually	4 quarterly reports  1 Annual report	4 quarterly reports  1 Annual report	Target achieved
Tve support	momitor <b>e</b> u	Quarterly and Annually	2023/24 APP tabled	2023/24 APP tabled	Target achieved
	Number of administrative policies	Quarterly and Annually	4 policies	6 policies	Policies are as per institutional policy needs and existing gaps
	Number of Risk management reports	Quarterly and Annually	1 Risk assessment report and 3 implementation reports	1 Risk assessment report and 3 implementation reports	Target achieved
	Number of management meetings	Quarterly and Annually	8 management meetings	8 management meetings	Target achieved



# **Financial Management**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide effective financial management	Number of MTEF budget reports	Quarterly and Annually	3 MTEF budget reports  1 Adjustment budget Report	3 MTEF budget reports  1 Adjustment budget Report	Target achieved
	Number of In- year Monitoring reports, AFS, IFS	Monthly, Quarterly and Annually	12 In-Year- Monitoring reports, 1 AFS, 1 IFS	12 In-Year- Monitoring reports, 1 AFS, 1 IFS	Target achieved
	Number of inventory, stocktaking and asset verification	Monthly, Quarterly, and Annually	4 inventory stocktaking reports	4 inventory stocktaking reports	Target achieved
	reports		verification reports	verification reports	



# **Corporate Services**

# Fleet Management and Logistics

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide fleet and logistics services	Number of vehicles maintained	Quarterly and Annually	35 Vehicles maintained	39 Vehicles maintained	Additional 4 vehicles were purchased to add to the existing fleet
	Number of events where transport and logistical services were provided	Quarterly and Annually	4 events	4 events	Target achieved

# **Human Resource Management**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide effective human resource management	Number of posts filled	Quarterly and Annually	10 posts	None	Treasury moratorium on the filling of vacancies delayed the process.  Positions filled in the next financial year.
	Number of employees trained	Quarterly and Annually	50 employees	58 employees	Training done on the basis of the skills needs of the institution.
	Number of bursaries awarded	Quarterly and Annually	41 bursaries	36 bursaries	Bursaries are as per the number of applications received and processed
	Number of Interns employed	Quarterly and Annually	8 interns	None	Budgetary constraints



# **Communication Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To establish and maintain effective and efficient communication	Number of publicized events	Quarterly and Annually	5 events	5 events	Target achieved
	Number of radio slots/interview s	Quarterly and Annually	5 Radio slots/ interviews	1 Radio slot/ interview	Radio slots are done on request
	Number of TV slots	Quarterly and Annually	1 TV slot	1 TV slot	Target achieved

# **Information Technology**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide secure and effective ICT support services to the Legislature	Number of Financial and communication management system reports	Quarterly and Annually	4 system maintenance reports	4 system maintenance reports	Target achieved
	Number of security system maintenance reports	Quarterly and Annually	4 security system maintenance reports	4 security system maintenance reports	Target achieved
	Number of ICT software and hardware asset management system reports	Quarterly and Annually	4 reports of ICT Asset management system reports	4 reports of ICT Asset management system reports	Target achieved



Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To ensure sound internal control system	Number of Internal audit reports	Quarterly and Annually	6 audit reports	6 Internal audit reports	Target achieved
	Number of Audit committee meetings	Quarterly and Annually	4 audit committee meetings	6 audit committee meetings	Additional meetings requested by AC to focus on important business of the Committee

# **Members Safety and Security**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Provision of safety, security and ceremonial services	Number of reports on Sergeant-at - arms services rendered in the House	Quarterly and Annually	4 House sittings reports	4 House sittings reports	Target achieved
	Number of security reports	Quarterly and Annually	4 security reports	4 security reports	Target achieved



**Programme 2: Facilities for Members and Political Parties** 

# **Political Support Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To provide administrative and financial support services to political parties	Percentage (%) of funds allocated and transferred to political parties	Quarterly and Annually	100% of funds transferred to political parties	100% of funds transferred to political parties	Target achieved
	Number of training sessions	Quarterly and Annually	2 training sessions	None	Different Political parties' staff could not be able to attend the training due to hectic political work.

# **Parliamentary Exchange and Protocol**

Strategic Objective	Performance Measure/ Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To render protocol services and coordinate	Number of international engagements coordinated	Quarterly and annually	2 international engagements	2 international engagements	Target achieved
parliamentary exchange programmes	Number of administered CPA activities	Quarterly and annually	4 CPA events	3 CPA events	CPA events are determined by the CPA programme



# **Programme 3: Parliamentary Services**

# Library and Records Management

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Quality information and registry services provided	Number of Library materials acquired	Quarterly and Annually	50 Library books/ebooks purchased	93 Library books/ebooks purchased	There was a backlog of library materials which could not be purchased in the previous financial years due to delays related to the Covid-19 situation.
	Number of files of records issued/ received by the Registry Office	Quarterly and Annually	4 files of records issued/received by the registry office	4 files of records issued/received by the registry office	Target achieved

# **Research Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Provision of quality research services to the Legislature	Number of proactive research reports produced	Quarterly and Annually	60 research reports	78 research reports	More Research reports due to the approved focus areas and Committee research needs at the time (proactive research)
	Number of departmental and public entities APPs and strategic documents analysed	Quarterly and Annually	120 research reports	96 research reports	There were less research documents to analyze than targeted (reactive research)
	Number of Legislation analysed	Quarterly and Annually	4 Bills	3 Bills	Analysis of bills done on request



# **House Proceedings**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Provision of procedural	Number of House sittings organized	Quarterly and Annually	22 sittings	28 sittings	Sittings are determined by the Legislative programme
and administrative services to the House	Number of Legislation facilitated	Quarterly and Annually	12 Bills	1Bill	Bills are determined by Executive Departments as classified in the business processes of the Legislature
	Number of ceremonial functions coordinated	Quarterly and Annually	1 ceremonial function	1 ceremonial function	Target achieved

# **NCOP** Liaison Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To facilitate and coordinate NCOP services	Number of NCOP legislation facilitated	Quarterly and Annually	8 NCOP Bills	25 NCOP Bills	More bills were received towards the end of the five-year term to avoid them lapsing.
	Number of NCOP events	Quarterly and Annually	4 NCOP events	2 NCOP events	Events are depended on the NCOP programme
	Number of NCOP plenaries/joint sittings of parliament attended	Quarterly and Annually	16 NCOP plenaries/joint sittings of parliament attended	50 NCOP plenaries/joint sittings of parliament attended	NCOP Plenaries /joint sittings determined by NCOP programme



# **Committee Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To facilitate oversight and law-making processes	Number of oversight committee meetings organised	Quarterly and Annually	104 Oversight Committee meetings	118 Oversight Committee meetings	Committee meetings are determined by the programme of Committees and the overall business of the Legislature as updated by the Programing Committee
	Number of site visits facilitated	Quarterly and Annually	6. site visits	33 site visits	Sites visits are as per the programme of Committees or focus/prioritized areas of Committees at given time
	Number of Legislation facilitated	Quarterly and Annually	12 Bills	7 Bills	Bills are depended on the provincial departments and the NCOP as classified in the business processes of the Legislature
	Number of oversight reports facilitated	Quarterly and Annually	100 oversight reports	130 oversight reports	The number of reports is determined by the committees' oversight work/focus areas
	Number of Workshops	Quarterly and Annually	3 Workshops	2 Workshops	One workshop rescheduled due to SAAPAC commitments
	Number of SCOPA public hearings	Quarterly and Annually	17 SCOPA public hearings	32 SCOPA public hearings	The number of public hearings is determined by the SCOPA programme which is updated from time to time.



# **Legal Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Provide advisory legal services to the legislature	Number of contracts drafted	Quarterly and Annually	12 contracts	12 contracts	Target achieved
	Number of Legal opinions compiled	Quarterly and Annually	12 legal opinions	2 legal opinions	Legal opinions are done on request

# **Public Participation and Petitions**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
To promote public involvement and education in the	Number of educational workshops conducted	Quarterly and Annually	3 Workshops	4 Workshops	Educational workshops are conducted as per existing training needs/gaps.
legislative processes	Number of sectoral Parliaments organised	Quarterly and Annually	2 sectoral parliaments	3 sectoral parliaments	Sectoral parliaments are organized as per legislative programme.
	Number of Public Hearings organised	Quarterly and Annually	3 Public hearings	4 Public hearings	Public hearings are organized as per requests received.
	Number of petitions received/processed	Quarterly and Annually	24 Petitions	41 Petitions	The number of petitions is depended on submissions received/ processed.

# Hansard and Language Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2022/23	Actual Output	Reasons for Variance
Provision of Hansard and Language services to the House	Number of Hansard reports and volume produced	Quarterly and Annually	22 reports and 1 volume of Hansard	28 reports and 1 volume of Hansard	Hansard reports are as the number of House sittings held and Hansard recordings
	Number of House sittings minutes translated	Quarterly and Annually	22 translated house sittings minutes	28 translated house sittings minutes	The number of minutes is depended on the number of sittings and minutes for translation by Hansard.



















#### 3. PART C: GOVERNANCE

During the year under review, I as the Accounting Officer had executed my responsibilities as specified in the Financial Management of Parliament and Financial Legislatures Act (FMPPLA), Act no.10 of 2009.

#### **Governance structures:**

The following governance structures are in place to ensure that sound corporate governance is upheld in the Legislature: the Audit Committee and Senior Management. These structures are critical in upholding and maintaining matters pertaining to governance in the institution.

#### 3.1 Risk management

The Risk Management Committee has been established in terms of both staff, members and other stakeholders of FMPPLA which stipulated that, one of the responsibilities of the Accounting Officer is to ensure that a constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control as envisaged in the above Act. Risk assessment was conducted in the year under review.

#### 3.2 Fraud and corruption

Fraud prevention is one of management top priorities as it is aligned to the principles of good governance. In light of this, management strives to be proactive in preventing and detecting fraud by ensuring that it becomes part of the overall strategic plan implementation, communicating it to staff and members and other stakeholders and establishing mechanisms to deal with fraud and corruption related cases. In order to address the above, there is an anti-fraud and corruption hotline in place.

In the year under review, the Legislature operated within the regulatory requirements listed in the FMPPLA. The procurement system is structured in such a way that it complies with the supply chain management system as stipulated in the relevant policies and SCM regulations.

#### 3.3 Code of conduct

The code of conduct of employees of the institution is governed by the relevant HR policies on conditions of service and code of conduct as approved by the Secretary. These policies clearly spell out the obligations and the duties of employees of the Legislature and are communicated to the employees through the HR division as soon as they join the institution. The code of conduct applies to all employees and forms part of the employment contract/agreement signed by employees.

#### 3.4 Occupational Health and Safety

The institution has an approved Health and Safety policy in place. The purpose of this policy is to establish standards and requirements of occupational Health and Safety for the Legislature in order to reduce the risks related to matters of health and safety.

#### 3.5 Audit Committee

The Audit Committee has adopted formal terms of reference (Audit Charter). It assists and advices the Speaker and the Accounting Officer in fulfilling oversight responsibilities for the financial reporting process, the system of internal control and management of institutional risks. The Audit Committee held 6 meetings for the period under review and has indeed been independent and effective in discharging its responsibilities.



#### 3.6 REPORT OF THE AUDIT COMMITTEE ON THE LIMPOPO LEGISLATURE

We are pleased to present our report for the financial year ended 31 March 2023.

#### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 48 (1) (c) (i) to (iii) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (FMPPLA). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with its charter and has discharged its responsibilities as contained therein.

#### **Audit Committee and attendance of meetings**

The Audit Committee members are listed hereunder and are expected to meet four times or more when need arise per annum as per its approved terms of reference. During the financial year under review 6 meetings were held as follows:

Name of Member	Role	Number of meetings attended
Ms NJ Manthata	Chairperson	6
Ms SM Ngoetjana	Member	6
Adv LT Nevondwe	Member	6

Meetings dates: 29 April 2022; 27 May 2022; 28 July 2022;5 September 2022; 25 November 2022; and 8 March 2023

#### The Effectiveness of Internal Control

The systems of internal controls are in place to manage the risks of the Legislature and to ensure that the Legislature's objectives and goals are achieved. The Audit Committee has considered the work of the Internal audit on a quarterly basis and has reviewed the results as well as the overall opinion expressed by the Internal audit on each unit audited. The Audit Committee is of the view that the internal control systems in place are well designed, implemented and operate effectively to prevent and detect deviations in applicable legislations and policies of the Legislature.

The Audit Committee resolutions were implemented on a continuous basis.



#### **Evaluation of the Budget and Treasury function**

The Legislature has required competencies at various management levels. The Legislature received clean audit outcomes with no findings on Annual Financial Statements.

#### Risk Management

The Risk Management Committee meets regularly and their reports are served to the Audit Committee meeting which ensures that the emerging risks as well as those events that no longer pose risks are thoroughly appraised and evaluated. The Risk Management Committee is chaired by the Accounting Officer.

The main objective of the Risk Management Committee is to assist the Accounting Officer in evaluating and monitoring the institutions performance with regards to the risks.

#### **IT Governance**

The Legislature has established the IT Steering Committee to oversee matters of Information Technology governance within the Legislature and advice management on potential IT related risks and possible recommendations for improvements.

The reports of the IT Steering Committee are served in quarterly meetings of the Audit Committee (AC).

The Audit Committee noted an improvement on IT Governance as reported by the AGSA regarding the design and implementation of IT governance controls being adequate and effective.

The Audit Committee also noted other issues raised by the Auditor General which need management urgent attention on security management, user access management, and environmental controls.

#### In-Year Management and Monthly/Quarterly Report

The institution has been reporting monthly and quarterly to the Executive Authority as is required by the FMPPLA.

#### **Evaluation of Annual Financial Statements and the predetermined objectives**

The Audit Committee was able to review and discuss changes in accounting policies, practices and significant adjustments to be included in the annual financial statements and to review the predetermined objectives reported in the annual performance report prior to the commencement of the audit by the Auditor General of South Africa.

The Audit Committee has reviewed the institution's implementation plan for audit issues raised in the previous year and satisfied that the matters have been adequately resolved.

The Audit Committee noted and appreciated improvement of audit outcome in 2022/23 in AFS as compared with the previous period of 2021/22.

The Audit Committee noted and appreciated improvement of audit outcome in 2022/23 in the Audit of predetermined objectives as compared with the preceding period.

The Audit Committee resolved that management should develop an action plan to address all issues raised in the AGSA Management report 2022/23.



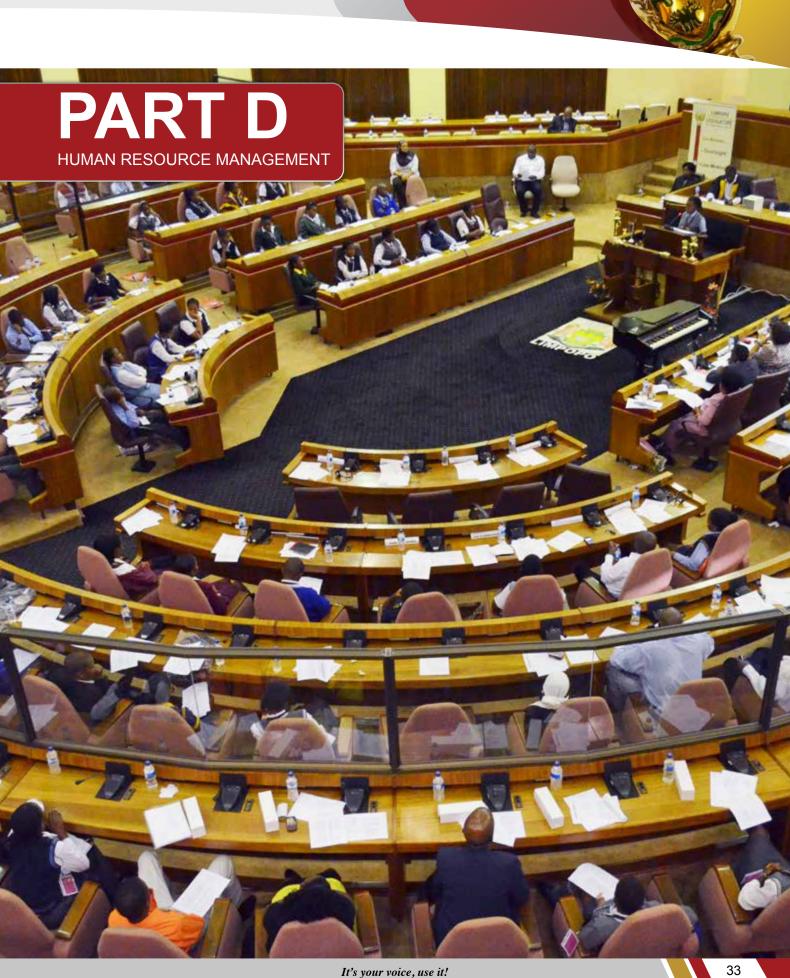
The Audit Committee concurs and accepts the conclusions of the Auditor General on the Annual Financial Statements and Predetermined Objectives for 2022/23 and is of the opinion that the audited Annual Financial Statements and Predetermined Objectives should be accepted and read together with the report of the Auditor General of South Africa.

Ms NJ Manthata

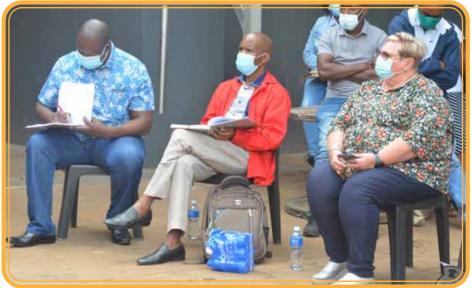
Chairperson of the Audit Committee

Limpopo Legislature

31 July 2023











#### 4. PART D: HUMAN RESOURCE DEVELOPMENT

Legislation that governs Human Resource:

HR is governed by various policy frameworks that have been developed by the institution: Summary of Human Resources Policies, Conditions of Service Policy, Code of Conduct, Grievance and Disciplinary Policy and Performance Management Policy and Procedure.

Overview of Human Resource matters at the Legislature:

In the year under review employees were capacitated through the provision of 36 bursaries to eligible applicants to pursue studies in disciplines that will add value to their work. Other training conducted was in relation to empowering the finance staff on the SAGE system.

HR priorities for the year under review and their impact:

The HR priorities for the year under review are reflected in the key performance indicators of the section in the 2022/23 financial year. As noted above, Human Resource Development remains critical for the achievement of all the strategic goals and objectives. We believe that the development of staff has significantly contributed to the Legislature's attainment of most of its set targets and objectives as outlined in the Annual Performance Plan and HR strategy.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce: The recruitment strategies are outlined in the institution's HR policies and Human resource strategy. The above are enhanced through an effective development of the workforce.

#### Employee performance management framework:

A performance management policy is in place to regulate and monitor the performance of all employees. The above policy does not only regulate performance, but it is developmental and remedial in its approach.

#### Employee wellness programme:

Employee wellness programmes are in place in the form of referral of our employees to relevant institutions and participation in wellness activities aimed at empowering our employees holistically in various aspects of life. Having observed the magnitude of challenges facing our employees, we have strengthened the wellness unit by appointing a manager with expertise on matters of wellness.

#### Achievements:

Key policies regulating HR matters are in place and are reviewed as per institutional guidelines on the development and review of policies.

#### Future HR plans/goals:

The process of finalizing the review of organizational structure is at an advance stage. Drawing from the gaps and misalignments created during the Covid-19 pandemic, the institution is in the process of addressing some of the pressing and urgent institutional gaps to ensure that strategic objectives are achieved.



**TABLE 4.1 Personal costs by programme** 

Programme	Total Voted Expenditure (R'000)	Compensati on of Employees Expenditure (R'000)	Training Expendit ure (R'000)	Professio nal and Special Services (R'000)	Compensat ion of Employees as percent of Total Expenditur e	Average Compensa tion of Employees Cost per Employee (R'000)	Employmen t (Including Periodical - And Abnormal Appointme nts)
Administration	184 329	102 431	650	0,00	55.6	957	107
Facilities for Members & Political Parties	196 864	62 043	0,00	0,00	31.5	1 320	47
Parliamentary		02 0 10	3,00	5,00	02.0		.,
Services	113 015	89 759	42	0,00	79.4	1 150	78
Total	494 208	254 233	692	0,00	51.4	1 096	232

**TABLE 4.2 Personnel costs by salary band** 

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
05 Senior					
management					
(Levels >= 13)	15 508	6.1%	2 215	15 508	7
09 Other	238 725	93.9%	1 056	238 725	226
18 Contract/Other	0.00	0.00	0.00	0.00	0.00
Total	254 233	100%	1 096	254 233	232

TABLE 4.3-Salaries, overtime, homeowners allowance and medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personn el Cost	Overti me (R'000)	Overtim e as % of Personn el Cost	HOA (R'00 0)	HOA as % of Personn el Cost	Medic al Ass. (R'000	Medical Ass. as % of Personn el Cost	Total Personne I Cost per Program me (R'000)
Programme 1:									
Administration	93 433	36.8	130	0.1	3672	1.4	5 196	2.0	102 431
Programme 2:									
Facilities for Members									
& Political Parties	60 598	23.4	160	0.1	884	0.3	401	0.2	62 043
Programme 3:									
Parliamentary Services	82 031	32.3	540	0.2	2 904	1.1	4 284	1.7	89 759
Total	236 062	92.9	830	0.3	7 460	2.9	9 881	3.9	254 233



Salary Bands	Salaries (R'000)	Salaries as % of Personn el Cost	Overtim e (R'000)	Overtim e as % of Personn el Cost	HOA (R'000	HOA as % of Personn el Cost	Medic al Ass. (R'000)	Medical Ass. as % of Personn el Cost	Total Personn el Cost per Salary Band (R'000)
05 Senior									
management									
(Levels >= 13)	14 400	5.7	0.00	0.00	455	0.2	603	0.2	15 508
09 Other	221 662	87.2	0.00	0.00	7 005	2.8	9 278	3.6	238 725
18									
Contract/Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	236 062	92.9	0.00	0.00	7 460	2.9	9 881	3.9	254 233

TABLE 4.5 Employment and vacancies by programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Programme 1: Administration: Permanent	107.00	100.00	8.00	0.00
Programme 2: Facilities for Members & Political				
Parties: Permanent	09.00	43.00	6.00	0.00
Programme 3: Parliamentary Services:				
Permanent	73.00	60.00	5.00	0.00
Total	189.00	203.00	19.00	0.00

TABLE 4.6 Employment and vacancies by salary band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Lower Skilled (Levels 1-2): Permanent	25.00	25.00	1.00	0.00
Senior Management (Levels >= 13): Permanent	6.00	6.00	1.00	0.00
Other: Permanent	158.00	158.00	17.00	0.00
Total	189.00	189.00	19.00	0.00



TABLE 4.7 Employment and vacancies by critical occupation at the end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Financial Clerks and Credit				
Controllers: Permanent	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

TABLE 4.8- Reasons why staff are leaving the Legislature

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death: Permanent	0.00	0.00	0.00	0.00	0.00
Resignation: Permanent	1.00	1.00	1.00	1.00	4.00
Expiry of contract: Permanent	1.00	1.00	1.00	1.00	4.00
Transfers: Permanent	0.00	0.00	0.00	0.00	0.00
Retirement: Permanent	3.00	6.00	0.00	6.00	9.00
Total	5.00	8.00	2.00	8.00	17.00

**TABLE 4.10 - Terminations** 

Occupational Bands	Male, Africa n	Male, Coloure d	Male , India n	Male , Total Black s	Male , Whit e	Femal e, Africa n	Female, Coloure d	Femal e, Inadia n	Femal e, Total Blacks	Femal e, White	Tota I
Top Management:											
Permanent	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Senior											
Management:											
Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.000	0.00	0.00
Other: Permanent	1.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	3.00	0.00	5.00
Total	2.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	3.00	0.00	6.00



TABLE 4.11 - Skills Development

Occupational Categories	Male, Africa n	Male, Coloure d	Male, India n	Male, Total Black s	Male , Whit e	Female , African	Female, Coloure d	Female , Indian	Female , Total Blacks	Female , White	Total
Legislators, Senior											
Officials and											
Managers	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00
Professionals	13.00	0.00	0.00	0.00	0.00	13.00	0.00	0.00	0.00	0.00	13.00
Technicians and Associate	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Professionals	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Clerks	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service and Sales Workers	3.00	0.00	0.00	0.00	0.00	7.00	0.00	0.00	0.00	0.00	3.00
Skilled	3.00	0.00	0.00	0.00	0.00	7.00	0.00	0.00	0.00	0.00	3.00
Agriculture and Fishery											
Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related Trades Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and Machine Operators and											
Assemblers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elementary Occupations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	18.00	0.00	0.00	0.00	0.00	23.00	0.00	0.00	0.00	0.00	19.00



TABLE 4.12 - Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African: Female	96.00	99.00	80.00	3 728.99	44 393.00
African: Male	85.00	90.00	80.00	3 732.31	49 764.00
Asian: Female	0.00	99.00	0.00	0.00	0.00
Asian: Male	0.00	0.00	0.00	0.00	0.00
Coloured: Female	5.00	5.00	80.00	187.67	46 917.00
Coloured, Male	1.00	1.00	100.00	46.74	46 741.00
Total Blacks: Female	96.00	99.00	73.30	3 916.65	44 507.00
Total Blacks: Male	85.00	98.00	75.20	3 779.05	49 724.00
White: Female	0.00	0.00	0.00	0.00	0.00
White: Male	0.00	0.00	0.00	0.00	0.00
Employees with a disability	2.00	2.00	200.00	32.00	32 004.00
Total	181.00	196.00	86.00	8 627.70	56 935.00

TABLE 4.13 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiari es	Total Employme nt	Percentage of Total Employme nt	Cost (R'000)	Average Cost per Beneficiary (R)
Other	174.00	174.00	90.00	6 800.00	49530.00
Total	174.00	174.00	90.00	7 141.60	47 990.00

TABLE 4.14 - Sick Leave for January 2022 to December 2022

Salary Band	Total Days	% Days with Medica I Certific ation	Numbe r of Employ ees using Sick Leave	% of Total Employ ees using Sick Leave	Averag e Days per Employ ee	Estimat ed Cost (R'000)	Total number of Employ ees using Sick Leave	Total number of days with medical certific ation
Contract/Other	29.00	38.00	12.00	3.00	10.00	60.00	12.00	12.00
Other	29.00	60.00	102.00	76.0	10.00	231.00	130.00	702.00
Total	58.00	98.00	114.00	79.00	20.00	291.00	142.00	714.00



TABLE 4.15 - Annual Leave for January 2022 to December 2022

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave	
Contract/Other	210.00	13.00	11.00	
Other	2902.00	10.00	173.00	
Total	3112.00	23.00	184.00	

TABLE 4.16 - Capped Leave for January 2022 to December 2022

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employee s who took Capped leave	Total number of capped leave available at end of period	Number of Employee s as at end of period
Contract/Other	0.00	0.00	0.00	0.00	0.00	0.00
Other	34.00	34.00	56.00	2.00	1 191.71	25.00
Senior management (Levels 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Total	34.00	0.00	56.00	2.00	1191.71	25.00

**TABLE 4.17 - Leave Payouts** 

Reason	Total Estimated Amount (R'000)	Number of Employees	Average Estimated Payment per Employee (R)
Annual - Gratuity: Provincial Legislature (Work Days)	244336.66	2.00	61084.16
Capped - Gratuity: Provincial Legislature (Work Days)	27900.00	1.00	27900.00
Total	272236.66	3	88984.16
Leave Payouts (Actual) Allowance			













# LIMPOPO LEGISLATURE VOTE 02 REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2023

# 5.1 Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa

#### 1. General review of the state of financial affairs

In the year under review the Legislature organized three major events, namely: the swearing in of new members of the legislature, the opening of the legislature and the state of the province address which were all very demanding events in terms of both human and financial resources. Furthermore, it is also during this period the provincial budget was tabled which outlined the developmental path for the medium term.

In order to fulfill its mandate of oversight over the Executive the Legislature held 118 oversight committee meetings in which strategic documents and budgets of the various provincial Departments were scrutinized. A total of 33 oversight visits were conducted in the year under review, whereas 7 Bills were processed by Committees.

In the area of public participation 4 educational workshops were organized. The institution was also able to facilitate 3 sectoral parliaments. A total of 4 public hearings were organized in line with the annual target for the financial year under review.

#### **Spending trends:**

- The institution spent an amount of R 454 163 million against the allocated budget of R494 208 million.
- The detailed expenditure is provided as per appropriation statement.

#### 2. Service rendered by the department

- 2.1 Services rendered by the institution are mentioned under the programme performance part of the annual report. The Legislature has three programmes which render the following functions:
- Programme1: Administration

The programme is responsible for administrative support to Members in performing their constitutional mandates

• Programme2: Facilities for Members and Political parties

The programme purpose is to offer financial support to Members and political parties and provision of Protocol services.

• Programme 3:Parliamentary Services

Programme purpose is provision of core functions of the Legislature which is oversight, Law- making and public participation.



#### 2.2 Tariff policy

The institution has a small revenue base and the determination of tariffs is not required as use is made of the standard tariffs which are determined at Provincial level. The revenue is mainly from the commission for the collection of deductions from staff members on behalf of the third parties. Percentage charged is agreed upon by the National Accountant General and insurance companies

#### 2.3 Free Services

The institution does not offer free services that would have yielded significant revenue had a tariff been charged.

#### 2.4 Inventories

The total inventories on hand at year-end are included in Note 8 of the Annual Financial Statements.

#### 3. Capacity constraints

The implementation of the following critical and pressing projects will have financial implications in the next financial year: complying with the National Key Point requirements, renovation of the Chamber and procuremet of a chamber system. Furthermore, the Legislature is in the process of alignment of the organizational structure in order to address the human resources gaps wherever they exist.

#### 4. Utilisation of donor funds

The Legislature received no sponsorship/donation in this financial year.

#### 5. Trading entities and public entities

There are no trading entities and public entities under the Legislature.

#### 6.Organisations to whom transfer payments have been made

The institution has made transfers for the total amount of R 124 611 million to the African National Congress, Economic Freedom Fighters, Democratic alliance and Freedom Front Plus in accordance with the approved transfers in the relevant Appropriation Act/policy.

The transfers are made in terms of Section 116 (2) (C) of the Constitution to provide for financial assistance to each political party in proportionate to its representation, to enable the parties and their leaders to perform their functions effectively.

Each political party is expected to submit the audited financial statements at the end of the financial year.

#### 7. Public private partnerships (PPP)

There are no PPP agreements entered into by the Legislature in the previous and the current financial year.



During the year under review, I as the Accounting Officer had executed my responsibilities as specified in The Financial Management of Parliament and Provincial Legislatures Act (2009)

#### Governance structures:

The following governance structures are in place to ensure that sound corporate governance is upheld in the Legislature: The Rules Committee, The Audit Committee and Management. These structures are critical in upholding and maintaining matters pertaining to governance in the institution.

#### Code of conduct:

The code of conduct of employees of the institution is governed by the relevant HR policies on conditions of service and code of conduct as approved. These policies clearly spell out the obligations and the duties of employees of the Legislature and are communicated to the employees through the HR division as soon as they join the institution. The code of conduct applies to all employees and forms part of the employment contract/agreement signed by employees.

#### Occupational Health and Safety:

The institution has an approved Health and Safety policy in place. The purpose of this policy is to establish standards and requirements of occupational Health and Safety for the Legislature in order to reduce the risk of both health and safety. An OHS Committee has been appointed to oversee this process.

#### **Audit Committee:**

The Audit Committee has been established in terms of FMPPLA (2009), Chapter 7 (47). The above Committee has adopted formal terms of reference (Audit Charter). It assists and advices the Accounting Officer in fulfilling oversight responsibilities with regard to financial reporting, internal control and management of institutional risks. The Audit Committee held 6 meetings for the period under review and has indeed been independent and effective in discharging its responsibilities.

#### Risk management:

The Risk Management Committee has been established in line with the requirements of FMPPLA (2009), 2 (7) (c) which stipulates that Parliament maintains effective, efficient and transparent systems of financial management, risk management, internal control and internal audit. Risk assessment was conducted in the year under review.

Fraud prevention is one of the management's top priorities as it is aligned to the principles of good governance. In the light of this, management strives to be proactive in preventing and detecting fraud by including it as part of the overall strategic plan implementation, communicating it to both staff and members and other stakeholders and establishing mechanisms to deal with fraud and corruption related cases. In order to address the above, there is an anti-fraud and corruption hotline in place. In the year under review, the Legislature operated within the regulatory requirements provided by the FMPPLA and SCM regulations. The procurement system is structured in such a way that it complies with the supply chain management system as stipulated in the relevant policies and Treasury regulations.

#### 9. Discontinued activities/activities to be discontinued

No activity was discontinued in the year under review.



#### 10. New/proposed activities

No new activities were introduced during the year under review.

#### 11. Asset management

All assets bought during the year were recorded in the asset register. Assets verification was conducted during the financial year.

#### 12. Inventories

Information on inventories is detailed in note 8 of the Annual Financial Statements.

#### 13. Events after the reporting date

Refer to the detailed information in Note 34 of the Annual Financial Statement.

#### 14. Information on predetermined objectives

Performance information is reported in Part B of the annual report. In the year under review, performance information was collected and consolidated as per the Limpopo Legislature guideline and procedures on performance information.

The 2022/23 annual report is a consolidation of four quarterly reports as verified and validated by the Internal Audit.

#### 15. Prior modifications to audit reports

Although the Legislature did obtain a clean audit outcome in the 2022-23 financial year, an action plan has been developed to address issues raised by the Auditor-General in that financial year. Progress reports are being compiled on the monthly basis to monitor the implementation of the action plan.

#### 16.Exemptions and deviations received from the National Treasury

No exemptions and deviations were received from the National Treasury during the year under review.

#### 17. Interim Financial Statements

Interim financial statements were compiled and submitted to the Speaker as per provisions of FMPPLA.

#### 18. Other

N/A.



19. Approval

The Annual Financial Statements set out on pages 59 to 98 have been approved by the Accounting Officer.

Dr Nkuna IS

**The Acting Secretary** 



Report of the auditor-general to Limpopo Provincial Legislature on vote no. 2: Limpopo Legislature

Report on the audit of the financial statements

#### **Opinion**

- 1. I have audited the financial statements of the Limpopo Legislature set out on pages 59 to 98, which comprise the statement of financial position as at 31 March 2023, 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 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 Limpopo Legislature as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of 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 responsibilities of the auditor-general for the audit of the financial statements section of my 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 matter**

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

#### **Restatement of corresponding figures**

 As disclosed in note 31 to the financial statements, some corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the legislature at, and for the year ended, 31 March 2023.



### LIMPOPO LEGISLATURE VOTE 02 REPORT ON THE AUDITOR GENERAL for the year ended 31 March 2023

#### Other matter

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

#### **Unaudited supplementary schedules**

9. The supplementary schedule set out on pages 44 to 48 does not form part of the financial statements and is presented additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

#### 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.

#### Responsibilities of the auditor-general 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

- 14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
- 15. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the legislature's



performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 3 – Parliamentary services	21 to 25	Provide oversight over provincial and local government, law making, public participation, house proceedings, and hansard and language services.

- 16. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the legislature's planning and delivery on its mandate and objectives.
- 17. I performed procedures to test whether:
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - there is adequate supporting evidence for the achievements reported.
- 18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
- 19. I did not identify any material findings on the reported performance information of programme 3 parliamentary services.

#### Other matters

20. I draw attention to the matters below.

#### Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

#### **Material misstatements**

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3 – parliamentary services. Management subsequently corrected all the misstatements and I did not include any material findings in this report.



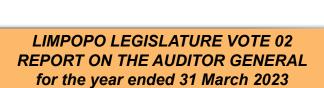
### LIMPOPO LEGISLATURE VOTE 02 REPORT ON THE AUDITOR GENERAL for the year ended 31 March 2023

#### Report on compliance with legislation

- 23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the legislature's compliance with legislation.
- 24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the legislature, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 26. I did not identify any material non-compliance with the selected legislative requirements.

#### Other information included in the annual report

- 27. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
- 28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 30. 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

- 31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 32. I did not identify any significant deficiencies in internal control.

wolitor - General

Polokwane

31 July 2023



Auditing to build public confidence



### LIMPOPO LEGISLATURE VOTE 02 REPORT ON THE AUDITOR GENERAL for the year ended 31 March 2023

#### Annexure to the auditor's report

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

#### Professional judgement and professional scepticism

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 selected requirements in key legislation.

#### **Financial statements**

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
- conclude on the appropriateness of the 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 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

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.



I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to 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.



# Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Financial Management of Parliament and	Section 56
Provincial Legislatures Act 10 of 2009 (FMPPLA)	section 55(3)(d)
(	Section 15(1) & (2)(b)
	Section 57(a)
	Section 56(1)
	Section 7(b)
	Section 36(a)
	Section 22(2)
	Section 7(e)
	Section 33(2)(a)
	Section 33(2)(b)
	Section 33(2)(e)
	Section 14(1)
	Section 14(2)(a)
	Section 14(2)(b)
	Section 14(2)(c)
	Section 14(2)(d)
	Section 14(2)(e)
	Section 13(b)
	Section 15(1)
	Section 52
	Section 15(2)(a)
	Section 15(2)(b)
	Section 15(2)( c)
	Section 15(2)(d)
	Section 53 (1)
	Section 53 (1)(b)
	Section 53 (1)( c)
	Section 20(5) and 21(2)
	Section 67(2)(a)
	Section 67(2)(b)
	Section 68(2)(a)
	Section 68(2)(b)
Preferential Procurement Policy Framework	Regulations 2(1)(a);
Act 5 of 2000 and regulations and instructions	Regulations (1)
issued in terms of the act	Regulation 2(1)(f)

Legislation	Sections or regulations
	Regulations 6(8), 7(8), 10(1)&(2) & 11(1)
	Regulations 4(4) and 5(4).
	Regulations 5(1) & 5(3)
	Regulations 5(6)
	Regulations 5(7)
	Regulations 4(1) & 4(2)
	Regulations 9(1)
	Regulation 8(2)
	Regulations 8(5)
Supply Chain Management Regulations issued	Regulation 6(1)( c).6(6), &6(7)
in terms of the Financial Management of Parliament Act, 2009 (Act No. 10 of 2009)	Regulations 11(2) and (3)
	Regulation 8(2)
	Regulations 6(3)( e)
	Regulations 6(11)
	Regulations 6(8)(a)(ii)
	Regulations 7(9)(a)(vi)
	Regulations 9(1)( c)
	Regulations 7(8)(a)
	Regulations 8(1)
Prevention and Combating of Corrupt Activities Act (PRECCA)	Section 34(1)



# LIMPOPO LEGISLATURE VOTE 02 ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL for the year ended 31 March 2023

he Accounting Officer is required by the Financial Management Act of Parliament and Provincial Legislature (Act 10 of 2009), to maintain adequate accounting records and is responsible for the content and integrity of annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standard Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in cost effective manner. The standard included the proper delegation of responsibilities within a clearly defined framework, effective accounting procedure and adequate segregation of duties to ensure an acceptable level of risk. These control are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The annual financial statements set out on pages 57 to 96, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2023 and were signed on its behalf by:

Dr Nkuna IS

The Acting Secretary



Figures in Rand thousand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	8	567	662
Operating lease asset	7	175	-
Receivables from exchange transactions	9	324	457
Prepayments		10	10
Cash and cash equivalents	11 _	47,245	56,722
	_	48,321	57,851
Non-Current Assets			
Property, plant and equipment	3	33,410	28,189
Intangible assets	4	2,456	2,645
Heritage assets	5	528	528
	_	36,394	31,362
Total Assets		84,715	89,213
Liabilities			
Current Liabilities			
Finance lease obligation	12	824	712
Operating lease liability	7	-	63
Payables from exchange transactions	14	23,785	26,030
Payable from non exchange tracsaction	15	2,068	9,463
Provisions	13	17,908	18,087
	_	44,585	54,355
Non-Current Liabilities			
Finance lease obligation	12	312	174
Provisions	13	34,356	40,286
	_	34,668	40,460
Total Liabilities	_	79,253	94,815
Net Assets	_	5,462	(5,602)
Accumulated surplus	_	5,462	(5,602)
	_	_	



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2023

Figures in Rand thousand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions Interest received		4,673	1,962
Other income		111	109
Actuarial gains		10,420	4,749
Total revenue from exchange transactions	_	15,204	6,820
Revenue from non-exchange transactions	_		
Transfer revenue			
Annual appropriation		392,975	368,405
Statutory appropriation		53,974	51,574
Service in kind rental income		10,657	9,960
Total revenue from non-exchange transactions		457,606	429,939
Total revenue	16	472,810	436,759
Expenditure			
Employee related costs	18	(199,142)	(203,394)
Remuneration of members	17	(55,475)	(53,414)
Transfer payments - Other	19	(124,645)	(106,431)
Depreciation and amortisation	3	(8,723)	(8,803)
Impairment loss	20	69	(769)
Finance costs	21	(92)	(81)
Loss on disposal of assets and liabilities		(753)	-
General expenses	22	(58,946)	(31,173)
Repairs and maintenance	23	(3,373)	(2,337)
Service in kind rental expense	24	(10,657)	(9,960)
Total expenditure	_	(461,737)	(416,362)
Surplus for the year	_	11,073	20,397

## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2023

Figures in Rand thousand	Accumulated surplus	Total net assets
Balance at 01 April 2021 Changes in net assets	(25,997)	(25,997)
Surplus for the year	20,395	20,395
Total changes	20,395	20,395
Opening balance as previously reported Adjustments	(4,935)	(4,935)
Prior year adjustments (Refer to Note 30)	(666)	(666)
Restated* Balance at 01 April 2022 as restated* Changes in net assets	(5,601)	(5,601)
Surplus/Deficit for the year	11,063	11,063
Total changes	11,063	11,063
Balance at 31 March 2023	5,462	5,462

Note(s)



# LIMPOPO LEGISLATURE VOTE 02 CASHFLOW STATEMENT for the year ended 31 March 2023

Figures in Rand thousand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Interest income		4,673	1,962
Receipts	_	447,060	429,952
	_	451,733	431,914
Payments		(446,929)	(377,551)
Net cash flows from operating activities	25	4,804	54,363
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(8,856)	(1,896)
Proceeds from sale of property, plant and equipment	3	378	-
Purchase of other intangible assets	4 _	(4,697)	(4,548)
Net cash flows from investing activities	_	(13,175)	(6,444)
Cash flows from financing activities			
Finance lease payments		(1,015)	(990)
Finance costs		(91)	(82)
Net cash flows from financing activities	_	(1,106)	(1,072)
Net increase/(decrease) in cash and cash equivalents		(9,477)	46,847
Cash and cash equivalents at the beginning of the year	,, –	56,722	9,875
Cash and cash equivalents at the end of the year	11	47,245	56,722



Budget on Cash Basis		A 11 1 1	E. 15	A 1 1	D:"	
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	between final budget and	Reference
Figures in Rand thousand					actual	
Cash Flow Statement						
Cash flows from operating activi	ties					
Receipts						
Other income	150	-	150	100	339	
Interest income	3,750	-	3,750	4,673	923	The difference is due to more interest earned on unspent funds
Annual appropriation	332,005	108,229	440,234	,	-	
Statutory appropriation	53,974		53,974	53,974	-	
_	389,879	108,229	498,108	499,370	1,262	
Payments						
Employee costs	(252,502)	(21,544)	(274,046	) (254,233)	19,813	The savings on COE is due to the savings on Vacant posts
Good and Services	(47,329)	(23,385)	(70,714	) (62,774)	7,940	The underspending is due to higher accruals in the Information technology and security infrastructure repairs as well as savings on stationery and consumables supplies
Transfer Payments	(78,411)	(45,300)	(123,711	) (125,754)	(2,043	The variance is due to the payment of members gratuity
_	(378,242)	(90,229)	(468,471	) (442,761)	25,710	
Net cash flows from operating activities	11,637	18,000	29,637	56,609	26,972	
Cash flows from investing activit Purchase of property, plant and equipment	ti <b>es</b> (7,737)	(18,000)	(25,737	<b>)</b> (11,402)	14,335	The variance is due to the delay in the process of the purchase of laptops, chambber system and



# LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2023

Budget on Cash Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis		Reference
Net increase/(decrease) in cash and cash equivalents	3,900	-	3,900	45,207	41,307	
Cash and cash equivalents at the end of the year	3,900	-	3,900	45,207	41,307	
Reconciliation						
Net cash from (used) operating						
Basis difference Depreciation and amortisation Other income Loss on sale of assets				7,608 (5,162) (753)		
Timing difference Operating lease assets Receivables Inventories				238 133 95		
Provision Payables				(6,109) 6,010		
Net cash from (used) financing						
Basis difference Finance cost				92		
Timing difference Finance lease liability				(112)		
Actual Amount in the Cash flow statement				47,247		



#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 56(1) of the Financial Management of Parliament and Provincial legislatures Act.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

#### 1.2 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.

#### 1.3 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:

#### Impairment testing

The recoverable 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 key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including list entity specific variables, i.e. production estimates, supply and demand.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

#### Allowance for doubtful debts

On debtors 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 debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.



# ACCOUNTING POLICIES for the year ended 31 March 2023

#### 1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

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

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 management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost or deemed cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life	
Furniture and Equipment	Straight line	15 - 20 years	
Motor vehicles	Straight line	10 - 15 years	
Office equipment	Straight line	15 - 20 years	
Computer equipment	Straight line	6 - 20 years	
Security equipment	Straight line	15 - 20 years	
Finance lease assets	Straight line	2 years	
Library books	Straight line	6 - 12 Years years	
Plant and Machineray	Straight line	15 years	

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The entity assesses at each reporting date whether there is any indication that the entity is expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Details of the repairs and maintenace is displayed under note 25.



#### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software licenses	Straight line	1 year

#### 1.6 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.



# ACCOUNTING POLICIES for the year ended 31 March 2023

#### 1.6 Heritage assets (continued)

An inalienable item is an asset that an entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

#### Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### **Transfers**

Transfers and subsidies should include all irrecoverable payments made by the instituition.

Transfers and subsidies are recognised as an expenditure when there is a final authorisation of the payment.

#### 1.7 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.

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.



#### 1.7 Financial instruments (continued)

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Legislature makes provision for doubtful debts based on debts that are outstanding for more than 3 years.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- · exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.



# ACCOUNTING POLICIES for the year ended 31 March 2023

#### 1.7 Financial instruments (continued)

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which
  the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- · combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.



#### 1.7 Financial instruments (continued)

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

The entity measures a financial asset and financial liability 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 a financial asset and financial liability initially at its fair value [if subsequently measured 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 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.

#### 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.

#### Cash and cash equivalents

Cash includes cash on hand and cash with the banks. Cash equivalents are short term in nature, highly liquid and are registered with banking instituitions which is subject to an insignificant risk of change in use.

The entity measures cash and cash equivalents at amortised cost.

#### 1.8 Taxation

#### Tax expenses

Limpopo Legislature is exempt from the income tax in line with Section 10 of the Income Tax.

#### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.



# ACCOUNTING POLICIES for the year ended 31 March 2023

# 1.9 Leases (continued)

#### 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 asset or liability.

#### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution trough a non-exchange transaction; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

# 1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

# 1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.



### 1.12 Employee benefits (continued)

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve 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 twelve 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 twelve 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 service to the entity during a reporting period, the entity recognise 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 recognise 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 recognise 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.



# ACCOUNTING POLICIES for the year ended 31 March 2023

# 1.12 Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid
  exceeds the contribution due for service before the reporting date, an entity recognise 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

#### 1.13 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.

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.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

# 1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

#### 1.15 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 Legislature 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.



#### 1.15 Revenue from exchange transactions (continued)

#### 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.

#### Interest

Revenue arising from the use by others of entity assets yielding interest 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.

#### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an 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.

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.

# **Appropriations**

Appropriation is recognised as revenue from non-exchange transaction when it is tabled at the Legislature.

# Services in-kind

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.



# ACCOUNTING POLICIES for the year ended 31 March 2023

#### 1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.18 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.

#### 1.19 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.

#### 1.20 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.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 1.21 Budget information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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



### 1.21 Budget information (continued)

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

The annual financial statements and budget are on a different basis of accounting therefore a comparison with the budget amount for the reporting period have been included in the statement of budget and actual amount. The amounts included in the statement of budget and actuals are cash.

#### 1.22 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

Legislature shall disclose the remuneration of management per person and in aggregate, for each class of management, in the following categories: fees for services as member of management, basic salary, bonus and performance related payments; etc.

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.

## 1.23 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 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 will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose 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 financial statements.

# 1.24 Offsetting

Assets, liabilities, revenues & expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated

## 1.25 Prepayments

A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying assets will not be consumed until a future period.



# ACCOUNTING POLICIES for the year ended 31 March 2023

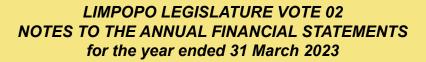
# 1.25 Prepayments (continued)

A prepaid expense is carried on the Statement of Financial Position of the Limpopo Legislature as a Current asset until its consumed.

# 1.26 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3: accounting policies, estimates and error requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Legislature shall restate opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatements is practical.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the financial statements where applicable.



Figures in Rand thousand 2023 2022

#### 2. New standards and interpretations

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

### GRAP 25 (as revised): Employee Benefits

#### **Background**

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

# Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set.

The entity does not envisage the adoption of the revisions until such time as it becomes applicable to the entity's operations.

It is unlikely that the revisions will have a material impact on the entity's annual financial statements.

### iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

#### **Background**

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.



# 2. New standards and interpretations (continued)

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

The effective date of these revisions have not yet been set.

The entity does not envisage the adoption of the expects to adopt until such time as it becomes applicable to the revisions's operations.

It is unlikely that the revisions will have a material impact on the entity's annual financial statements.

#### Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The entity does not envisage the adoption of the guideline until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

# GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- · Financial guarantee contracts issued
- Loan commitments issued



#### 2. New standards and interpretations (continued)

- Classification of financial assets
- · Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is on the 01 April 2025.

The entity does not envisage the adoption of the revisions until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

# iGRAP 21: The Effect of Past Decisions on Materiality

## **Background**

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error

The effective date of these interpretation is on the 01 April 2023.

The entity does not envisage the adoption of the expects to adopt until such time as it becomes applicable to the interpretation's operations.

It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.

## GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

#### **GRAP 5 – Borrowing Costs**

For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
- Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until
substantially all the activities necessary to prepare asset for intended use or sale are complete

# GRAP 13 - Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21



# 2. New standards and interpretations (continued)

# **GRAP 16 - Investment Property**

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
  - Added heading "Guidance on initially measuring self-constructed investment property at fair value"
  - Added clarification that investment property is measured at fair value at earliest of:
    - o completion of construction or development; or
    - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
  - Change in use involves an assessment on whether:
    - o property meets, or ceases to meet definition of investment property and
    - o evidence exists that a change in use has occurred
  - List of examples of a change in use is regarded as non-exhaustive

#### **GRAP 17 – Property, Plant and Equipment**

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
  - Land has an unlimited useful life and cannot be consumed through its use

#### **GRAP 20 - Related Party Disclosures**

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
  - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
  - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
  - Management services are services where employees of management entity perform functions as "management" as defined

# GRAP 24 - Presentation of Budget Information in Financial Statements

- Terminology amended
  - Primary financial statements amended to "financial statements" or "face of the financial statements"

## **GRAP 31 – Intangible Assets**

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite
  indicates that asset may be impaired
  - Both under cost model or revaluation model

# **GRAP 32 – Service Concession Arrangements: Grantor**

- Clarify disclosure requirement for service concession assets
  - Disclose carrying amount of each material service concession asset recognised at the reporting date

# **GRAP 37 - Joint Arrangements**

- Application guidance clarified
  - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

# GRAP 106 - Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
  - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

#### Directive 7 – The Application of Deemed Cost

Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.



### 2. New standards and interpretations (continued)

The entity does not envisage the adoption of the improvements until such time as it becomes applicable to the entity's operations.

It is unlikely that the improvements will have a material impact on the entity's annual financial statements.

### GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

### Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- · materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

# Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

# **Notes structure**

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

# Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.



Figures in Rand thousand

### 3. Property, plant and equipment

Plant and machinery Furniture and fixtures Motor vehicles Office equipment IT equipment Security equipment Library books Finance lease assets

Total

#### Reconciliation of property, plant and equipment - 2023

Plant and machinery Furniture and fixtures Motor vehicles Office equipment IT equipment Security equipment Library books Finance lease assets

	2023			2022	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
1,030	(69)	961	989	-	989
6,673	(4,445)	2,228	7,209	(5,544)	1,665
22,288	(7,197)	15,091	17,851	(7,189)	10,662
2,028	(1,196)	832	2,550	(1,703)	847
21,810	(10,580)	11,230	26,116	(15,080)	11,036
4,449	(2,641)	1,808	5,167	(3,146)	2,021
1,081	(937)	144	1,009	(911)	98
6,173	(5,057)	1,116	4,891	(4,020)	871
65,532	(32,122)	33,410	65,782	(37,593)	28,189

2,021 98 871	23 71 1,281	`(85)´ - -	(181) (25) (1,036)	30	1,808 144 1,116
2,021		, ,			
	23	(85)	(181)	30	1,808
11,036	2.091	(832)	(1,065)	-	11,230
848	105	(66)	(77)	22	832
10,662	5,762	(132)	(1,201)	-	15,091
1,665	761	(30)	(183)	15	2,228
989	41	-	(69)	-	961
nce				loss	
ning	Additions	Disposals	Depreciation	Impairment	Total
	1,665 10,662	989 41 1,665 761 10,662 5,762	989 41 - 1,665 761 (30) 10,662 5,762 (132)	nnce 989 41 - (69) 1,665 761 (30) (183) 10,662 5,762 (132) (1,201)	989 41 - (69) - 1,655 761 (30) (183) 15 10,662 5,762 (132) (1,201) -

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

Plant and machinery Furniture and fixtures Motor vehicles Office equipment IT equipment Security equipment Library books Finance lease assets

Opening balance	Additions	Depreciation	Impairment loss	Total
-	989	-	-	989
1,964	-	(171)	(128)	1,665
12,079	-	(1,131)	(286)	10,662
959	-	(79)	(32)	848
11,342	900	(971)	(235)	11,036
2,299	-	(190)	(88)	2,021
110	7	(19)	-	98
864	994	(987)	-	871
29,617	2,890	(3,548)	(769)	28,190

# Pledged as security

No property, plant and equipment was pledged as security.

Compensation received for gains on property, plant and equipment – included in operating profit.

Assets subject to finance lease (Net carrying amount)

Finance lease assets

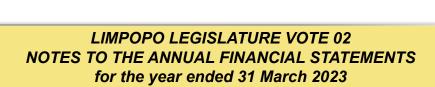
1,116 871

4. Intangible assets

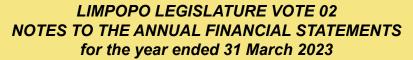
		2023			2022	
Cost Valuati		Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
30	,176	(27,720)	2,456	25,479	(22,834)	2,645

Computer software, other

Figures in Rand thousand					2023	2022
4. Intangible assets (continu						
Reconciliation of intangible ass	sets - 2023					
			Opening balance	Additions	Amortisation	Total
Computer software, other		_	2,645	4,697	(4,886)	2,456
Reconciliation of intangible ass	sets - 2022					
			Opening balance	Additions	Amortisation	Total
Computer software, other		_	3,352	4,548	(5,255)	2,645
5. Heritage assets						
		2023			2022	
	Cost / Valuation		Carrying value	Cost / Valuation		Carrying value
Heritage asset	528	-	528	52	28 -	528
Reconciliation of heritage asse	ts 2023					
					Opening	Total
Heritage asset				_	balance 528	528
Reconciliation of heritage asse	ts 2022					
					Opening	Total
Heritage asset					balance 528	528
6. Change in accounting esti	imate			_		_
None						
7. Operating lease asset (acc	crual)					
Current assets Current liabilities					175	(63)
					175	(63)
8. Inventories						
Opening stock					664	
Purchases Utilised					1,897 (1,994)	536 (629)
					567	662



Figures in Rand thousand	2023	2022
9. Receivables from exchange transactions		
Staff debtors Allowance for doubtful debt Other debtors #1	1,468 (1,144) -	1,588 (1,138) 7
	324	457
Trade and other receivables ageing		
The ageing of amounts are as follows:		
Less than 3 months Greater than 6 months Greater than 1 year but less than 2 years Greater than 2 years but less than 3 years Greater than 3 years	2 125 85 111 1,148	74 168 69 139 1,138
Reconciliation of provision for impairment of trade and other receivables		
Opening balance Provision for impairment Unused amounts reversed	(1,066) (78)	(1,138) - 72
	(1,144)	(1,066)
10. Receivables from non-exchange transactions		
Service in kind receivables Amortised service in kind receivables	10,657 (10,657)	9,960 (9,960)
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Standard Bank	47,245	56,722
The entity had the following bank accounts		
Account number / description Bank statement balances	Cash book balances	
31 March 2023 31 March 2022 31 March 2021 31 M STANDARD BANK - Account 47,247 56,722 9,875 Type - 012926205	March 2023 31 March 2022 31 47,247 56,722	9,875



Figures in Rand thousand	2023	2022
12. Finance lease obligation		
Minimum lease payments due		
<ul><li>- within one year</li><li>- in second to fifth year inclusive</li></ul>	885 341	748 186
less: future finance charges	1,226 (93)	934 (48)
Present value of minimum lease payments	1,133	886
Present value of minimum lease payments due		
- within one year	885	712
- in second to fifth year inclusive	341	174
	1,226	886
Non-current liabilities	312	174
Current liabilities	824	712
	1,136	886

# 13. Provisions

# Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employee benefits - members increase	-	1,825	· -	-	1,825
Gratuity benefits	11,138	-	(1,094)	(203)	9,841
Provision for bonuses	11,419	5,247	(11,224)	(195)	5,247
Post retirement benefits - Medical aid	33,829	312	(302)	12	33,851
Long service awards	1,987	3	(490)	-	1,500
	58,373	7,387	(13,110)	(386)	52,264

# Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Gratuity benefit	8,779	2,762	(403)		11,138
Provision for bonuses	5,990	11,419	(8,869)	2,879	11,419
Post retirement benefits - Medical aid	31,838	2,240	(249)	-	33,829
Long service awards	1,981	326	(320)	-	1,987
	48,588	16,747	(9,841)	2,879	58,373

	52.264	58 373
Current liabilities	17,908	18,087
Non-current liabilities	34,356	40,286



Figures in Rand thousand	2023	2022

#### 13. Provisions (continued)

#### Long service award provision

The long service awards represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2023. The entity values long service awards annually using One Pangaea Financial who has been appointed to estimate the present value of the long service award in the financial year under review.

The long service award consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer.

#### Methodology:

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date.

In determining these liabilities, due allowance has been made for future award increases.

For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

In accordance with the requirements of GRAP 25, the Projected Unit Credit Method of funding has been applied.

The obligation is determinded by calculating the present value of the possible long service bonus awards payable throughout the employee's service guided by the approved HR Policy of Limpopo Legislature, paragraph 9.3.2 "Long service recognition bonus".

The benefits payable are illustrated in the table below:

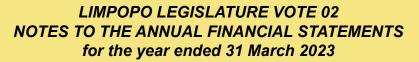
Completed service (years)	Long service
	bonus awards
	(ZAR)
10	20,000
20	30,000

The key assumptions used in the valuation, with the prior year's assumptions shown for comparison, are summarised below:

	2023	2022
Long term, duration specific, discount rate	8.36%	8.07%
CPI	4.36%	5.37%
Net discount rate (CPI)	4.09%	2.56%

The following demographic assumptions were applicable over the prior and current valuation periods:

Mortality Normal retirement age		SA85-90 63	
Withdrawal from service	Examples at stated age	Female rates	Male rates
	20	24%	16%
	30	15%	10%
Withdrawal from service	40	6%	6%
	50	2%	2%
	55	1%	1%
	60	-	-
	255	5 48	35



Figures in Rand thousand	2023	2022

# 13. Provisions (continued)

### Post employment health care

The post retirement benefit represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2023. The entity values post retirement benefit annually using One Pangaea Financial who has been appointed to estimate the present value of the post retirement benefit in the financial year under review.

#### Methodology:

The liability is taken as the present value of the employer's share of active employee contributions projected into the future using the probability of survival to retirement age and beyond, taking into account the assumed rates of withdrawal and mortality.

In determining these liabilities, due allowance has been made for future award increases.

In accordance with the requirements of GRAP25, the Projected Unit Method of funding has been applied. The assumptions used are based on the following factors:

The demographic assumptions were consistent in the previous and current valuation period and are as follows;

Normal retirement age Employment age used for past service period			63 Years Active service entry ages
Assumptions  Age difference between spouses Proportion married in retirement		Active employees 3 years 90 %	Continuation pensioners 3 years 6Actual marital status used
Post employment health care assumptions Discount rate CPI Health care cost inflation Net discount rate		2023 13.34% 7.72% 9.22% 3.77%	2022 11.90% 7.37% 8.87% 2.78%
Decrement Assumption	Assumption Morality	Active employee SA85-90 (Normal)	Continuation Pensioners PA(90)
Withdrawal rates	Example at stated age	Withdrawal rate ( Female) %	Withdrawal rates ( Male) %
	20		
	30 40		
	50		2
	55		
	60	) -	-
	255	5 48	35



Figures in Rand thousand	2023	2022

#### 13. Provisions (continued)

#### **Gratuity benefit provision**

The gratuity benefit represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2023. The entity values gratuity benefits annually using One Pangaea Financial who has been appointed to estimate the present value of the gratuity benefit in the financial year under review.

An Office Bearer who has served a minimun of five years and whose service is terminated is entitled to receive a once off Gratuity equal to four times pensionable monthly salary, for each five year term, or a pro rata share of that for a part thereof, completed by the member. This benefits does not have any fund for contribution, it is just a benefits given to the members of legislarures when their service is terminated

The probability of being re-elected has been assumed to be 33%. This implies a probability of 11% to be re-elected twice, 4% to be re-elected three times, etc.

#### Methodology:

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date.

In determining these liabilities, due allowance has been made for future award increases.

For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

In accordance with the requirements of GRAP25, the Projected Unit Method of funding has been applied.

#### Key assumptions:

The assumptions used as at 31 March 2023 are based on the following factors:

Gratuity benefit assumptions	2023	2022
Discount rate	8.35%	6.74%
CPI	4.29%	5.18%
Salary inflation	5.29%	6.18%
Net discount rate (Salary)	2.91%	0.53%

The table below summarises the Office bearers set to receive the gratuity as at the current valuation date, 31 March 2023, as provided by the Limpopo Legislature.

Gratuities	2023	2022
Number of participants	37	38
Average age (years)	51.20	50.89
Average past service (years)	3.41	3.46
Average monthly salary (ZAR)	108212	107453

#### 14. Payables from exchange transactions

Trade payables	5.092	4.641
Service bonus accrual	5,428	5,384
Accrued leave pay	12,771	13,653
Other accrued expenses	476	2,335
Other creditors	18	17
	23,785	26,030



Figures in Rand thousand	2023	2022
15. Payables from non exchange transaction		
13. Fayables from from exchange transaction		
Over transfers payable	2,068	9,463
16. Revenue		
Interest received	4,673	1,962
Other income	111	109
Actuarial gains	10,420	4,749
Annual appropriation	392,975	368,405
Statutory appropriation	53,974	51,574
Service in Kind Rental income	10,657	9,960
	472,810	436,759
The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received Positive Bank account	4,673	1,962
Other income	4,073	109
Actuarial gains	10.420	4,749
, lotaliai gaillo	15,204	6,820
		0,020
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Annual appropriation	392,975	368,405
Statutory appropriation	53,974	51,574
	446,949	419,979
Service in Kind Rental Income	10,657	9,960
	457,606	429,939
Transfer revenue		
Current year receipts	446,949	419,979
Funds rolled over - retained funds	47,259	9,875
Actual Expenditure	(454,163)	(384,663)
	40,045	45,191
Departmental revenue comed events next year	5,162	2,041
Departmental revenue earned over to next year	0,.02	, -

# **Retained Funds**

The retained funds are not part of the current year revenue. This is the appropriation of the prior year that was not spent and it was rolled over to the current financial year



Figures in Rand thousand	2023	2022
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# 16. Revenue (continued)

#### Other income

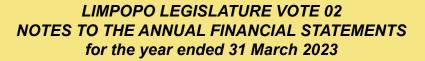
Included in the other income of R 111 000 is the following; Commission on insurance Interest charged on outstanding debts Replacement of loss property

# Nature and type of services in-kind are as follows:

The service ink kind presented relate to the use of Public works building in Lebowakgomo. The building is used as office building

## 17. Remuneration of members

Basic Salary	26,534	25,656
Service Bonus	2,138	2,052
Medical aid - Entity Contribution	2,130	164
Defined Contributions plans	6,706	6,792
Non Pensionable allowance		
	16,099	15,848
Members gratuity	3,974	2,902
<u> </u>	55,475	53,414
18. Employee related costs		
Basic salary	117,974	113,885
Performance bonus and awards	5,081	15,321
Medical aid - entity contributions	16.117	16,120
UIF	18	16
Service bonuses	9.361	8.760
Defined contribution plans	14,859	14,355
Overtime payments	788	389
Leave discounting	(867)	651
Long service bonus	330	326
Housing benefits and allowances	7,165	7,010
Non-pensionable allowances	28,316	26,561
Non-perisionable allowances	199,142	203,394
	133,142	203,334
19. Transfer payments - Other		
Provinces and municipalities	34	37
Non-profit institutions	124,611	106,394
	124,645	106,431
20. Impairment of assets		
lunu aluun austa		
Impairments	(00)	700
Property, plant and equipment	(69)	769
The impairment loss arose as a result of a condition assessment performed on the assets during the prior financial year. Assets were identified to be damaged and were impaired,		
21. Finance costs		
Finance leases	92	81



Figures in Rand thousand	2023	2022
22. General expenses		
Advertising	1,121	909
Bank charges	4	20
Consulting and professional fees	3,678	1,332
Consumables	2,536	941
Entertainment	201	16
Flowers	68	
Motor vehicle expenses	92	82
External audit fees	4,102	3,633
Internal audit fees	973	558
Communication costs	7,388	6,348
Transport provided as part of the departmental activities	886 922	215 441
Training Travel and subsistence	23,801	9,930
ERP expenses	428	547
Bursaries (employees)	2,162	1,894
Legal services	1,366	775
Catering	2,604	653
Administrative fees	557	447
Operating leases	736	670
Contracted services	2,881	199
Venue expenses	1,206	295
Computer licenses	(114)	510
Other expenses	1,347	758
·	58,945	31,173
Office Equipment Motor Vehicles	862 2,512	855 1,482
	2 274	
	3,374	2,337
24. Service in Kind rental expense	3,374	
·	3,374 10,657	
Service in Kind rental expense		2,337
Service in Kind rental expense  25. Cash generated from operations  Surplus		9,960
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:	10,657	9,960 20,395
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation	10,657 11,063 8,723	9,960 20,395
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation  Gain on sale of assets and liabilities	10,657	2,337 9,960 20,395 8,803
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation  Gain on sale of assets and liabilities  Finance costs - Finance leases	11,063 11,063 8,723 753 92 (69)	2,337 9,960 20,395 8,803
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation  Gain on sale of assets and liabilities  Finance costs - Finance leases  Impairment	10,657 11,063 8,723 753 92	2,337 9,960 20,395 8,803 81 769
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation  Gain on sale of assets and liabilities  Finance costs - Finance leases  Impairment  Movements in operating lease assets and accruals	11,063 11,063 8,723 753 92 (69)	2,337 9,960 20,395 8,803 81 769 172
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions Changes in working capital:	11,063 8,723 753 92 (69) (238) (6,109)	2,337 9,960 20,395 8,803 81 769 172 9,785
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories	11,063 8,723 753 92 (69) (238) (6,109)	2,337 9,960 20,395 8,803 81 769 172 9,785
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions	11,063 8,723 753 92 (69) (238) (6,109)	2,337 9,960 20,395 8,803 81 769 172 9,785 93 (102
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for:  Depreciation and amortisation  Gain on sale of assets and liabilities  Finance costs - Finance leases  Impairment  Movements in operating lease assets and accruals  Movements in provisions  Changes in working capital:  Inventories  Receivables from exchange transactions  Prepayments	11,063  8,723 753 92 (69) (238) (6,109)  95 133	2,337 9,960 20,395 8,803 81 769 172 9,785 93 (102 (1
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions Prepayments Payables from exchange transactions	11,063  8,723 753 92 (69) (238) (6,109)  95 133	2,337 9,960 20,395 8,803 81 769 172 9,785 93 (102 (1 4,995
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions	11,063 8,723 753 92 (69) (238) (6,109) 95 133 (2,244) (7,395)	2,337 9,960 20,395 8,803 81 769 172 9,785 93 (102 (1 4,995 9,373
Service in Kind rental expense  25. Cash generated from operations  Surplus  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions Prepayments Payables from exchange transactions	11,063  8,723 753 92 (69) (238) (6,109)  95 133	2,337 9,960 20,395 8,803 81 769 172 9,785 93 (102 (1 4,995

# 26. Financial instruments disclosure



Figures in Rand thousand	2023	2022
26. Financial instruments disclosure (continued)		
2023		
Financial assets		
i manolar abboto	A	Total
	At amortised cost	Total
Cash and cash equivalents	47,247	47,247
Financial liabilities		
	At amortised	Total
Trade and other payables from exchange transactions	cost 5,094	5,094
2022		
Financial assets		
	At amortised	Total
Cook and each equivalents	cost	
Cash and cash equivalents	56,722	56,722
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	3,976	3,976
27. Commitments		
Authorised expenditure		
Total capital commitments		
Already contracted for but not provided for	12,660	1,898
Authorised operational expenditure		
These capital commitments relates to the SCM orders and contracts that will be financed by ca	sh resources.	
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year - in second to fifth year inclusive	670 950	670 1,620
	1,620	2,290

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and are subject to a 8% escalation per annum. No contingent rent is payable.



Figures in Rand thousand 2023 2022

# 28. Contingencies

The Legislature has a contingent liability in respect of legal claims. The Legislature is defending the matters. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely.

A claim was made against Legislature with regard to disputes over the payment of gratuity to the former member. The amount claimed is R 759 969.44 and the estiamted legal fees are R 200 000.

Other claim is a demand for the payment of salaries arrears for COPE support staff. The party does not have representation in the legislature and the claim is againt the party. There is no probability that the support staff would win the case against the legislature. The legislature have filed papers to oppose the order to declare the Secretary to be in contempt of court. The estimated legal fees are R 400 000. Furthermore there is a claim for the former CFO claiming for the restatement after dismissal. The prospects of success for the applicant are non existence as seh failed to follow proper process and the estimated legal fees are R 400 000. lastly there is a claim against COGHSTA and others and legislature was indicated as other department, this is with regard to legal representative appointed by the state attorneys in a matter for COGHSTA is claiming for service redered from the department and other respondent. Legislature was mentioned as other responded but based on our evaluation this has no direct financial implication on the legislature for the claim. The estimated legal fees are R 300 000

# **Legal Claims**

Legal claims and estimated cost

2,060 1,960

## 29. Service in Kind

South African Police Service

Parliamentary of the Republic of South Africa Public Works

Security Services provided by the police as the legislature is a National Key Point Training for members of the Limpopo Legislature Public works Service in Kind, Refer to note 10 for the presentation of the service in kind rental income and note 16 for the related rental under operating lease. The office in Parliamentary villages are insignificant and members pays rental income of the residential houses.

The entity recognise services in-kind that are significant to its operation and/or service delivery objectives as assets and recognise related revenue when it is probable that the future economic benefits or services potential will flow to the entity and the fair value of the assets can be measured reliably. Where service in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy criteria for recognition, the entity disclose the nature and type of service in kind. Based on the entity assessment the service in-kind above does not meet the recognition except Public works building in Lebowakgomo. Refer to note 16 for the revenue recognised from the service in kind and note 10 for the related rental under operating lease .



Figures in Rand thousand

# 30. Related parties - Key management personnel

### Executive

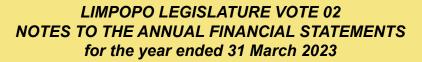
2023

	Basic Salary	Pension fund employer contribution	Political Office bearer allowance	Bonuses	Car allowance	Other benefits	Acting Allowance	Total
Executive Authority Office								
Speaker to the Legislature	1,102	275	120	92	-	448	-	2,037
Deputy speaker	869	223	120	-	145	262	-	1,619
Senior Management								
Chief Financial Officer	1,296	168	-	232	489	110	-	2,295
Acting Secretary to the Legislature	-	-	-	-	17	-	40	57
Legal advisor	1,187	154	-	213	390	122	-	2,066
Secretary to the Legislature	1,896	-	-	264	519	267	-	2,946
	6,350	820	240	801	1,560	1,209	40	11,020

2022

	Basic Salary	Pension Fund employer contribution	Political Office bearer allowance	Bonuses	Car allowance	Other benefits	Total
Executive Authority Office							
Speaker to the Legislature	1,067	267	120	89	365	70	1,978
Deputy speaker	840	216	120	-	-	424	1,600
Senior Management							
Chief Financial Officer	1,241	161	-	201	489	103	2,195
Legal advisor	1,136	148	-	181	373	117	1,955
Secretary of the Legislature	1,980	-	-	303	566	116	2,965
	6,264	792	240	774	1,793	830	10,693

<sup>\*</sup> Other benefits comprise housing allowance and medical aid benefits



Figures in Pand thousand	2023	2022
Figures in Rand thousand	2023	2022

#### 31. Prior period error

The following prior period errors adjustments occurred. Reclassification of the ctuarial gain from the employee related cost and remuneration for members respectively. This is a split to show acturial gain in terms of GRAP 1. furthermore we reclassified the Service in Kind Rental expense from General expense for the fair presentation. The reclassification performed does not have effect on the surplus/deficit for the prior year.

#### Statement of financial position

### Statement of financial performance

#### 2022

N	Note As previously		Correction of	Re-	Restated
		reported	error	classification	
Employee related costs		198,785	-	4,609	203,394
Remuneration of members		53,274	-	140	53,414
Actuarial Gain		-	-	(4,749)	(4,749)
General expenditure		40,467	666	(9,960)	31,173
Service in Kind Rental Expense		-	-	9,960	9,960
Surplus for the year		292,526	666	-	293,192

# 32. Risk management

# Financial risk management

Due to the largely non-trading nature of activities and the way in which it is financed, the Legislature is not exposed to the degree of financial risk faced by operating business entities.

The Legislature recognises the need to implement Risk Management. The Accounting Officer accordingly maintains effective, efficient and transparent systems of risk management and internal control. Risk management is an integral part of the institutions activities to reduce risks to acceptable levels. Continued integration of risk management into key decision-making processes of the organisation was also achieved with the explicit inclusion of risk management principles into the Legislature's strategic and business planning processes.

# Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through monitoring of the budget.

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 against available budget.

The table below analyses the entity's financial liabilities and net-settled derivative 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 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2023	Less than 1 Between 1 and Between 2 and Over 5 years year 2 years 5 years
Trade and other payables	5,091
At 31 March 2022	Less than 1 Between 1 and Between 2 and Over 5 years  vear 2 years 5 years
Trade and other payables	3,976



Figures in Rand thousand 2023 2022

#### 32. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade and other receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables relate mainly to staff debtors that can be recouped from salary payments.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument 2023 2022
Cash and cash equivalents 47,247 56,722

#### Market risk

#### Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. Interest on receivables is insignificant. Interest accrued to the Legislature on deposits controlled by Provincial Treasury is not managed by the Legislature as it has no control over the allocation of the funds.

#### 33. 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.

#### 34. Events after the reporting date

There was the recommendation that was issued on the 21st April 2023 for the salary increase of the Members of Legislatures, as a results of that all the provincial Legislatures were expected to adjust the remuneration of the Members. The date of the salary increase would be from the 1st April 2022 therefore this was the adjusting events and the event has been adjusted on the Annual Financial Statements. Thereafter the President of the Republic has approved the salary increase on the 28 June 2023 for the Members of Parliament, as a results of the government Gazzete published by the President all the provincial legislature were also required to gazzette their own salary increases for Members of Provincial Legislatures. The effective date of the salary increases were as from the 01st April 2022 therefore this is an adjusting events. The events is an adjusting events in the Annual Financial Statements. The recognition of the increase on the members remuneration and the related provision.

#### 35. Unauthorised expenditure

None.

#### 36. Fruitless and wasteful expenditure

None.

#### 37. Irregular expenditure

None





# **ADDRESS**

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# **WEBSITE**



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