



ANNUAL REPORT

2021/22

FINANCIAL YEAR



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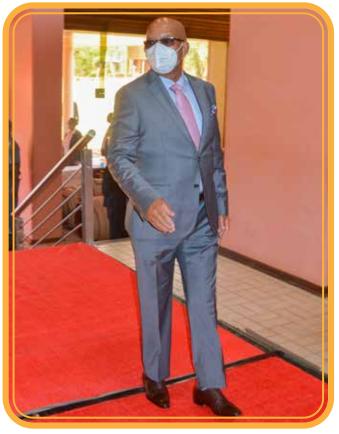
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# 1. PART A: GENERAL INFORMATION

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The Secretary Limpopo Legislature Private BagX 9309 Polokwane 0700

### **Contact details**

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# 1.1 Abbreviations and Acronyms

Abbr./Acronymn	Descriptions
AFS	Annual Financial Statements
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 2021/22 financial year, in my capacity as an Accounting Officer for the Limpopo Legislature.

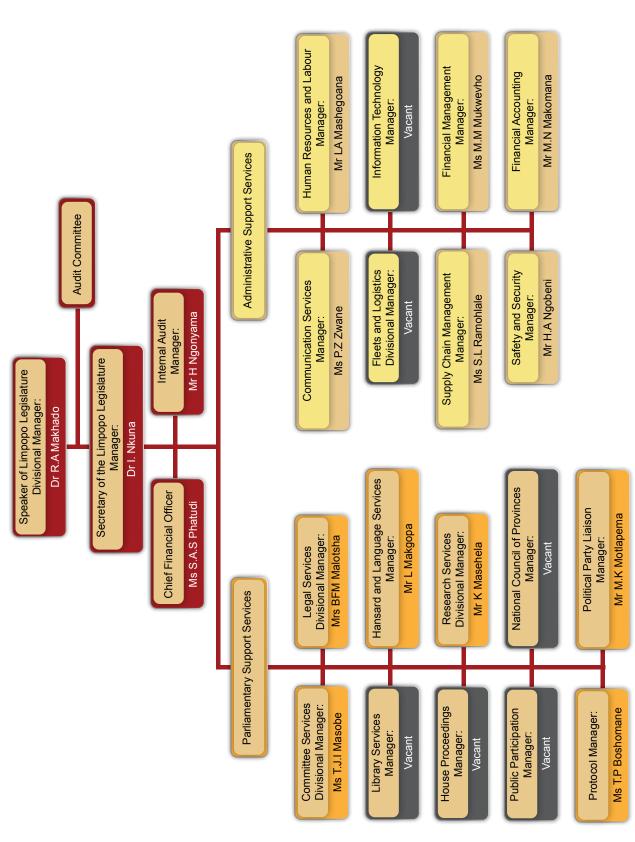
# 1.3 LEGISLATIVE MANDATE

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





his Annual Report is a synopsis of the Limpopo Legislature's performance in the year 2021/22. The above-mentioned financial year has been challenging due to the complex Covid-19 environment in which the APP was implemented. The institution and the rest of the province were operating under a tight budgetary environment; hence some activities could not be carried out following the reprioritization of our programmes and activities. It should be noted that notwithstanding the above challenges, in the year under review the legislature continued to play its role with regard to oversight. It is commendable to note that even under the threat of Covid-19, Committees worked tirelessly to ensure that government deliver services to the people. Committees were able to carry out 16 site visits as opposed to the 6 targeted site visits. These initiatives were not easy given the covid-19 restrictions which made oversight very difficult and impossible in some instances. We view this as encouraging steps by our committees as site visits are likely to bring positive results with regard to enhancing service delivery in our Province.

The institution has also been able to actively involve the public in the affairs of the legislature through public hearings. In the year under review 3 public hearings were held. These hearings grant the communities opportunity to make their view known with regard to some of the bills that are passed in the Legislature. Meaningful public participation is a positive aspect of any thriving democracy. The legislature is therefore striving hard to ensure that all the participation by our communities is meaningful, hence the need for educational workshops. In the year under review, we managed to conduct only one educational workshop due to the Covid-19 environment. There is a need for more of these types of workshops as they will ensure that the legislature is interacting with an informed public when inputs for bills are required. Having drawn our lessons in this financial year, we will work hard to improve on some of strategies in the next financial year in order to ensure that we meet our targets as planned.

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Hon Molapo RR

Speaker: Limpopo Legislature



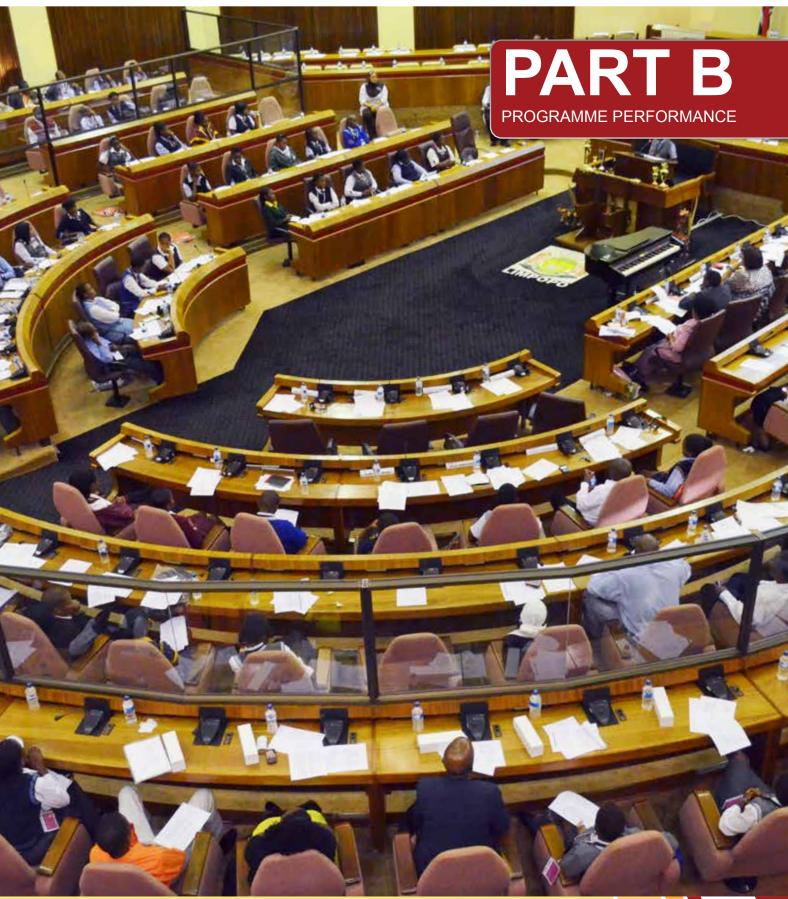
n the year under review, all programmes were implemented in the context of the endeavour to fulfill our constitutional mandate of oversight, public participation and law making. We made efforts to ensure the implementation of section 118 of the constitution of the Republic of South Africa by involving the public in the affairs of the legislature even in the difficult context presented by Covid-19. This has not been an easy exercise especially in the context of rural communities which are still struggling with accessibility and connectivity. We managed to develop innovative ways of reaching out to the public notwithstanding these challenges. As can be seen in our annual report, three (3) public hearings were held to solicit inputs from the communities on legislative matters. It is through these hearing that communities are given the opportunity to make their inputs on critical issues (legislative and budgetary related). The legislature also ensured that at least three (3) sectoral parliaments were held to cater for the diverse needs of members of our communities notwithstanding the budgetary constraints. These activities are essential in enhancing people's participation in the legislative processes.

In the year under review, the legislature was able to receive and refer nineteen (19) petitions from communities which is higher than that of the 2020/21 financial year (13 petitions). It is clear that communities are progressively using the mechanisms available to them to petition the legislature even in the covid-19 environment. The legislature will continue to monitor these petitions through its committees to ensure that they are addressed as most of them are service delivery related. In the year under review, sixteen (16) oversight visits to critical projects that are run by various Departments in our province were carried by the legislature. It is clear that given the challenges facing communities, the legislature has a duty bestowed upon it by the constitution to intensify its efforts in the area of oversight visits. The responsibility of the legislature on oversight cannot be overemphasized. Going forward, the institution will need substantial funding to sharpen its systems and processes (especially in areas pertaining to IT and Enterprise Resource Planning). It should be noted that although the institution experienced budget cuts in the 2021/22 financial year, which have affected the implementation of some programmes, the Legislature was however able to achieve most of its targets. It is hoped that the outstanding gaps identified in this report will be addressed in the 2022/23 financial year.

S Mothoa

Secretary: Limpopo Legislature















# **Programme1: Administration**

# Office of the Speaker

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide political leadership	Number of sittings	Quarterly and Annually	22 sittings	31 sittings	Sittings are determined by the Legislative programme
and financial oversight to the Legislature	Number of programming Committee Meetings	Quarterly and Annually	Programming Committee Meetings	18 Programming Committee meetings	Meetings are determined by the programme of the Legislature
	Number of internal arrangement meetings	Quarterly and Annually	4 internal arrangement meetings	5 internal arrangement meetings	Additional meeting requested to do inspection at the Parliamentary village
	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 2021/22	Actual Output	Reasons for Variance
To provide strategic direction and administrative	Number of Strategic documents developed,	Quarterly and Annually	4 quarterly reports  1 Annual report	4 quarterly reports  1 Annual report	Target achieved
support	reviewed and monitored		1 7 minuar report	1 7 militar report	
		Quaterly and Annually	2022/23 APP tabled	2022/23 APP tabled	Target achieved
	Number of administrative policies developed/revie wed	Quarterly and Annually	4 policies	6 Policies	Policies are determined by institutional policy needs and existing gaps
	Number of Risk management reports produced	Quarterly and Annually	1 Risk assessment report and 3 implementation reports	1 Risk assessment report and 3 implementation reports	Target achieved



Number of	Quarterly	8 management	8 management	Target achieved
management	and	meetings	meetings	
meetings held	d Annually			

**Financial Management** 

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide effective financial management	Number of MTEF budget reports produced	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 produced	Monthly, Quarterly and Annually	12 In-Year- Monitoring report, 1 AFS, 1 IFS	12 In-Year- Monitoring report, 1 AFS, 1 IFS	Target achieved
	Number of inventory, stocktaking and asset verification reports produced	Monthly, Quarterly, and Annually	4 inventory stocktaking reports	4 inventory stocktaking reports	Target achieved
			2 asset verification reports	2 assets verification reports	



# Fleet Management and Logistics

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide fleet and logistics	Number of vehicles purchased and	Quarterly and Annually	5 Vehicles purchased	None	Budgetary constraints
services	maintained	Amuany	35 Vehicles maintained	35 Vehicles maintained	Target achieved
	Number of events where transport and logistical services were provided	Quarterly and Annually	4 events	None	Events are determined by the programme of the Legislature which was restricted due to Covid- 19 compications and logistics.

# **Human Resource Management**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide effective human resource	Number of posts filled	Quarterly and Annually	10 posts	5 posts	Appointments are done as per the human resources needs and budget of the institution
management	Number of employees trained	Quarterly and Annually	50 employees	64 employees	Training done on the basis of the skills needs of the institution.
	Number of bursaries awarded	Quarterly and Annually	41 bursaries	32 bursaries	Bursaries are awarded as per number of applications received and the available budget.
	Number of Interns employed	Quarterly and Annually	8 interns	None	Budgetary constraints.
	Number of collective agreements facilitated	Quarterly and Annually	1 collective agreement	1 collective agreement	Target achieved



Number of	Quarterly	4 policy	2 Policy	Workshops were
workshops	on and Annually	workshops	workshops	restricted due to Covid-
policies				19
Number of wellness	Quarterly and Annually	1 wellness awareness	None	Wellness programmes were restricted due to
awareness		programme		Covid-19
programme	es			

# **Communication Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To establish and maintain effective and	Number of publicized events	Quarterly and Annually	5 events	3 events	Events are determined by the programme of the institution
efficient communicat ion	Number of radio slots/intervie ws	Quarterly and Annually	5 Radio slots/ interviews	2 radio slots/interviews	Radio slots are done on request
	Number of TV slots	Quarterly and Annually	1 TV slot	1 YouTube video feed	TV slots are sought as and when required

# **Information Technology**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide secure and effective ICT support services to	Number of Financial and communication management system reports	Quarterly and Annually	4 system maintenance reports	4 system maintenance reports	Target achieved
the Legislature	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 ICT assets management system reports	Target achieved



# **Internal Audit**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To ensure sound internal control system	Internal audit and	Quarterly and Annually	6 audit reports	8 Audit reports	Additional reports prioritized to focus on key areas such as Performance and Expenditure Management
	Audit commitee meetings	Quarterly and Annually	4 audit committee meetings	5 audit committee meetings	Additional meeting was requested by AC to focus on important business of the Committee

# **Members Safety and Security**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	<b>Actual Output</b>	Reasons for Variance
Provision of safety,security and ceremonial services	Number of reports of on seargeant at arms services rendered in the House	Quarterly and Annually	4 House sittings reports	4 House Sittings reports	Target achieved
	Number of security system Maintenance reports	Quarterly and Annually	4 maintenance reports	None	Maintenance reports will only be available once the security system is fully functional following the renovation of the building



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

# **Political Support Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To provide administra tive and financial support services	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
political parties	Number of training sessions	Quarterly and Annually	2 training sessions	None	Training sessions are provided on request
	Number of Political Parties trips	Quarterly and Annually	55 political parties trips	27 political parties trips	Political parties trips are dependent on requests and needs from political parties

# **Parliamentary Exchange and Protocol**

Strategic Objective	Performance Measure/ Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To render protocol services and coordinate parliamentary	Number of international engagemeents coordinated	Quarterly and annually	2 international engagements	2 international engagements	Target achieved
exchange programmes	Number of administered CPA activities	Quarterly and annually	4 CPA events	5 CPA events	There was an additional CPA event on capacity building for Members of Parliament held in Tanzania.



**Programme 3: Parliamentary Services** 

# Library and Records Management

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
Quality information and registry services provided	Number of Library materials acquired	Quarterly and Annually	50 Library books/ebooks purchased	8 library books purchased	There was a delay in the purchase process due to Covid-19 restrictions
	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 file of records issued/received by the registry office	Target achieved

# **Research Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
Provision of quality research services to the Legislature	Number of proactive research reports produced	Quarterly and Annually	30 research reports	105 research reports	Research reports are determined by focus areas and Committee needs at the time
	Number of departmental and public entities APPs strategic documents analysed	Quarterly and Annually	120 reseach reports	118 research reports	There were less research documents to analyze than targeted (reactive research)
	Number of Legislation analysed	Quarterly and Annually	4 Bills	2 Bills	Analysis of bills done on request



# **House Proceedings**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
Provision of procedural and administrative	Number of House sittings organized	Quarterly and Annually	22 sittings	31 sittings	Sittings are determined by the Legislative programme
services to the House	Number of Legislation facilitated	Quarterly and Annually	12 Bills	4 Bills	Bills are determined by Executive Departments and NCOP
	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 2021/22	Actual Output	Reasons for Variance
To facilitate and coordinate NCOP services	Number of NCOP legislation facilitated	Quarterly and Annually	8 NCOP Bills	11 Bills	Bills are determined by the NCOP
	Number of NCOP events	Quarterly and Annually	4 NCOP events	1 NCOP event	Events are depended on the NCOP programme which has been affected by the Covid-19 outbreak
	Number of NCOP plenaries/joint sittings of parliament attended	Quarterly and Annually	16 NCOP plenaries/joint sittings of parliament attended	45 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 2021/22	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	62 Oversight committee meetings	Committee meetings are determined by the programme of Committees and business of the Legislature
	Number of site visits facilitated	Quarterly and Annually	6 site visits	16 site visits	Site visits determined by the programme of Committees. More site visits were conducted in the previous quarters.
	Number of Legislation facilitated	Quarterly and Annually	12 Bills	7 Bills	Bills are depended on the provincial departments and the NCOP
	Number of oversight reports facilitated	Quarterly and Annually	100 oversight reports	146 oversight reports	The number of reports is determined by the magnitude of committee oversight work conducted
	Number of Workshops	Quarterly and Annually	3 Workshops	2 Workshops	Workshops are organized on request and training needs.
	Number of SCOPA public hearings	Quarterly and Annually	17 SCOPA public hearings	None, some SCOPA public hearings held but processes not finalized (in progress)	SCOPA public hearings are still in progress and final reports to be issued at the end of the process



# **Legal Services**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
Provide advisory legal services to	Number of contracts drafted	Quarterly and Annually	12 contracts	13 contracts	Contracts are drafted on request
the legislature	Number of Legal opinions compiled	Quarterly and Annually	12 legal opinions	2 legal opinions	Legal opinions are drafted as per request

# **Public Participation and Petitions**

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
To promote public involvement and education in the legislative	Number of educational workshops conducted	Quarterly and Annually	3 Workshops	1 Workshop	Covid-19 restrictions made it difficult to arrange these types of workshops (in consideration of the stakeholders involved)
processes	Number of sectoral Parliaments organised	Quarterly and Annually	2 sectoral parliaments	3 sectoral parliaments	The shift in focus was to be as inclusive as possible of the key stakeholders and groupings even in the context of the Covid-19 environment
	Number of Public Hearings organised	Quarterly and Annually	3 Public hearings	3 Public hearings	Target achieved
	Number of petitions received/processed	Quuaterly and Annuually	24 Petitions	19 petitions	The number of petitions is depended on submissions received/processed.



# Hansard and Language Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2021/22	Actual Output	Reasons for Variance
Provision of Hansard and Language services to	Number of Hansard reports and volume produced	Quarterly and Annually	22 reports and 1 volume of Hansard	29 reports and 1 volume of Hansard	Hansard reports are depended on the number of House sittings held and Hansard recordings
the House	Number of House sittings minutes translated	Quarterly and Annually	22 translated house sittings minutes	25 translated house sittings minutes	The number of minutes is depended on the number of sittings and the availability of 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 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 system 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 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 ensuring that it becomes 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 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 Committee 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 5 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 2022.

### **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 5 meetings were held as follows:

Name of Member	Role	Number of meetings attended
Ms NJ Manthata	Chairperson	5
Ms SM Ngoetjana	Member	5
Adv LT Nevondwe	Member	5

Meetings dates: 10 May 2021;28 May 2021; 31 July 2021;20 August 2021; and 02 March 2022.

### The Effectiveness of Internal Control

The system of internal control is designed to manage risks of the Legislature and to ensure that the Legislature to achieve its objectives and goals. 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 an unqualified audit opinion with findings on Annual Financial Statements.

### **Risk Management**

The Risk Management Committee meets regularly its reports serve at 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 Institution's performance with regards to Risk Management.

The emerged risk of COVID-19 pandemic needed the Institution to develop guidelines in line with the Disaster Management Act and regulations of the country.

### **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.

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 have 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 with concern the material misstatements identified by Auditor General and subsequently corrected by management on receivables, payables, and disclosures items.

The Audit Committee noted the Legislature in 2021/22 received unqualified opinion with material findings

The Audit Committee further noted regression on performance management information in 2021/22 as compared with the year 2020/21 due to material findings on the reliability of the performance information on reported achievements of Parliamentary Services programme.

The Audit Committee resolved that management should develop an action plan to address all issues raised in the AGSA Management report 2021/22.

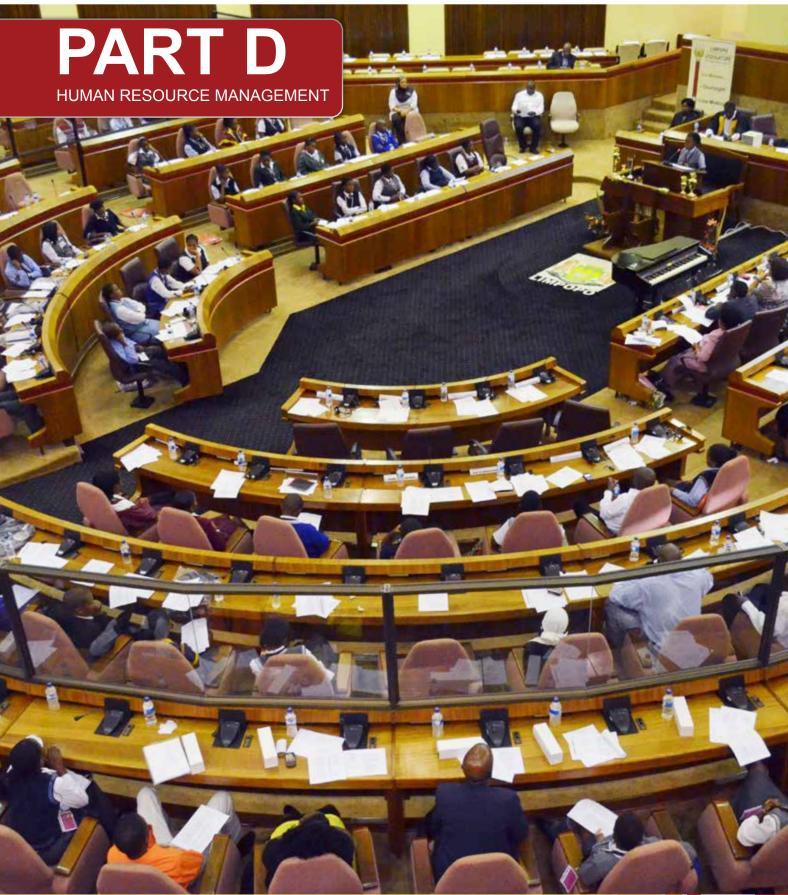
The Audit Committee concurs and accepts the conclusions of the Auditor-General's on the Annual Financial Statements and Predetermined Objectives for 2021/22 and is of the opinion that the audited Annual Financial Statements and Predetermined Objectives should be accepted and read together with the report of the Auditor-General of South Africa.



Ms N I Manthata

Ms NJ Manthata Chairperson of the Audit Committee Limpopo Legislature 28 July 2022















### 4. PART D: HUMAN RESOURCE DEVELOPMENT

### Legislation that governs Human Resource Management

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.

### Introduction

Overview of HR matters at the Legislature:

In the year under review employees were capacitated through the provision of 32 bursaries to eligible applicants to pursue studies in disciplines that will add value to their work.

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 2021/22 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 have 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.

### **Policy development:**

Achievements:

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

Most of the HR policies have been finalized and aligned to FMPPLA.

Future HR plans/goals:

Filling of critical vacancies and capacity building with regard to the ERP.



**TABLE 4.1 Personal costs by programme** 

Programme	Total Voted Expendit ure (R'000)	Compensat ion of Employees Expenditur e (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 Compensat ion of Employees Cost per Employee (R'000)	Employmen t (Including Periodical - And Abnormal Appointme nts)
ADMINISTRAT							
ION	154 068	96 730	695	0.00	62.8	896	108
FACI FOR							
MEMBERS &							
POL PART	179 702	60 864	0.00	0.00	33.9	1 323	46
PARLIAMENT ARY SERVICES	96 084	80 146	0.00	0.00	83.4	1 069	75
Total as on	20001	30 2 10	0.00	0.00		1003	, 3
Financial							
Systems	429 854	237 740	695	0.00	55.3	3 288	229

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)	15 791	6.6%	2 255	14 204	7
09 Other	221 949	93.4%	1 000	219 622	222
18 Contract Other				_	
TOTAL	237 740	100%	1 008	233 826	229



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

Programme	Salaries (R'000)	Salaries as % of Person nel Cost	Over time (R'0 00)	Overti me as % of Person nel Cost	HOA (R'000)	HOA as % of Perso nnel Cost	Medica I Ass. (R'000)	Medic al Ass. as % of Perso nnel Cost	Total Personn el Cost per Program me (R'000)
PR1:									
ADMINISTRATION									
PRG 1:									
LLR:ADMINISTRATION	96 730	40.7%	108	0.11%	3 976	4.1%	5 344	5.5%	96 730
PRG 2: LLR:FACI FOR									
MEMBERS & POL									
PART	60 864	25.6%	-	0.0%	361	0.6%	351	0.6%	60 864
PRG 3:									
LLR:PARLIAMENTARY									
SERVICES	80 146	33.7%	-	0.0%	2 693	3.4%	4 019	5.0%	80 146
	237								
TOTAL	740	100%	108	0.11%	7 030	3.0%	9 714	4.1%	237 740

TABLE 4.4 Salaries, overtime, home owners allowance and medical Aid by salary band

Salary Bands	Salaries (R'000)	Salaries as % of Personn el Cost	Overti me (R'000)	Overtim e as % of Personn el Cost	HOA (R'000)	HOA as % of Perso nnel Cost	Medica I Ass. (R'000)	Medica I Ass. as % of Person nel Cost	Total Personn el Cost per Salary Band (R'000)
05 Senior									
management									
(Levels >= 13)	9 854	4.1%	-	-	313	3.2%	457	4.6%	9 854
09 Other	227 886	95.9%	108	0.05%	6 717	2.9%	9 257	4.1%	227 886
18 Contract									
Other									
TOTAL	237 740	100%	108	0.05%	7 030	3.0%	9 714	4.1%	237 740



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
PRG 1: LLR:ADMINISTRATION, Permanent	114.00	108.00	6.00	0.00
PRG 2: LLR:FACI FOR MEMBERS & POL PART,				
Permanent	47.00	46.00	1.00	0.00
PRG 3: LLR:PARLIAMENTARY SERVICES, Permanent	82.00	75.00	7.00	0.00
TOTAL	243.0	229.00	14.00	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	7.00	6.00	1.00	0.00
Other, Permanent	158.00	158.00	17.00	0.00
TOTAL	190.00	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	2.00	2.00	6%	0.00
TOTAL	2.00	2.00	6%	0.00



TABLE 4.8- Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
01 Death, Permanent	0.00	0.00	0.00	0.00	0.00
02 Resignation, Permanent	1.00	1.00	0.00	0.00	0.00
03 Expiry of contract, Permanent	0.00	0.00	0.00	0.00	0.00
04 Transfers, Permanent	0.00	0.00	0.00	0.00	0.00
09 Retirement, Permanent	1.00	1.00	0.00	0.00	0.00
TOTAL	1.00	1.00	0.00	00.00	2.00

TABLE 4.9 - Total number of Employees with disabilities

Beneficiaries/ category	Male, Africa n	Male, Colour ed	Male , India n	Male , Total Black s	Male , Whit e	Femal e, Africa n	Female , Colour ed	Femal e, Indian	Femal e, Total Blacks	Femal e, White	Tot al
Employees											
with											
disabilities	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	2.00	0.00	2.00

TABLE 4.10- 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	98.00	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	98.00	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	2.00	32.00	32 004.00
TOTAL	185.00	199.00	86.00	8 627.70	56 935.00



TABLE 4.11 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
09 Other	181.00	181.00	90.00	7 800.00	50 80.00
TOTAL	181.00	181.00	90.00	7800.00	48 990.00

### **TABLE 4.12- Sick Leave**

Salary Band	Total Days	% Days with Medical Certificatio n	Number of Employee s using Sick Leave	% of Total Employee s using Sick Leave	Average Days per Employe e	Estimate d Cost (R'000)	Total number of Employee s using Sick Leave	Total number of days with medical certificatio n
Contrac								
t Other	28.00	00.00	00.00		10.00	60.00	00.00	00.00
Other	176.00	00.00	00.00	00.0	12.00	341.00	130.00	901.00
TOTAL	204.00	00.00	00.00	0.00	22.00	401.00	130.00	901.00

### **TABLE 4.13- Annual Leave**

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave	
Contract Other	00.00	13.00	78.00	
Other	00.00	22.00	00.00	
TOTAL	00.00	35.00	78.00	

## **TABLE 4.14 - Capped Leave**

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 Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Contract Other	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	42.58	1.00	1234.71	29.00
Senior management (Levels 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	42.58	1.00	1234.71	29.00



Reason	Total Estimated Amount (R'000)	Number of Employees	Average Estimated Payment per Employee (R'000)
Annual Leave ( Work Days)	220	4.00	55
Capped Leave (Work Days)	380	1.00	380
TOTAL	600	4	150
Leave Payouts (Actual) Allowance	600	4.00	















## LIMPOPO LEGISLATURE VOTE 02 REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2020

### 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 62 committee oversight meetings in which strategic documents and budgets of the various provincial Departments were scrutinized. At least 16 oversight visits were conducted in the year under review and 8 Bills were processed by Committees.

In the area of public participation 1 educational workshop were organized. The institution was also able to facilitate the sittings of 3 sectoral parliaments. A total of 3 public hearings were organized in line with the annual target for the financial year under review. It should be noted that this has not deterred the institution from achieving most of its objectives.

### Spending trends:

- The institution spent an amount of R 384 663 million against the budget of R429 854 million that was allocated. This resulted in the under-expenditure of R45 191million.
- 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.



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 7 of the Annual Financial Statements.

### 3. Capacity constraints

The implementation of the Financial Management of Parliament and Provincial Legislatures Act (2009), the Sectoral Oversight Model and the ERP have financial and human resources implications, especially in the context of the Covid-19 environment.

### 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 106 360 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 Senior 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.

### 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.



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

The detailed information is included in note 35.

### 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 2021/22 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 get an unqualified report in the 2021-22 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 57 to 96 have been approved by the Accounting Officer.

Mr. Mothoa S.

The Secretary



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

Report on the audit of the annual financial statements

### **Opinion**

- 1. I have audited the financial statements of the Limpopo Legislature set out on pages 57 to 96, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 2022, and its financial performance and cash flows for the year then ended in accordance with 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**

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My
  responsibilities under those standards are further described in the auditor-general's
  responsibilities for the audit of the financial statements section of my report.
- 4. I am independent of the 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 32 to the financial statements, some corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the legislature at, and for the year ended, 31 March 2022.



### Other matter

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

### **Unaudited supplementary schedules**

The supplementary schedule set out on pages 44 to 48 does not form part of the financial statements and is presented as 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.

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

- 12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

### Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.



- 15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the legislature's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the legislature enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the legislature's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3 – Parliamentary Services	21 to 25

- 17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to assess the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 18. The material findings on the reliability of the performance information of the selected programme are as follows:

### **Programme 3: Parliamentary Services**

### Various indicators

19. We were unable to obtain sufficient appropriate audit evidence for the achievement of the indicators below. Adequate systems and processes were not established to enable consistent measurement and reliable reporting of performance against the predetermined objectives. There was also lack of accurate and complete records. We were unable to confirm the reported achievement by alternative means. Consequently, we were unable to determine whether any adjustments were required to the reported achievement.

Description of indicator	Reported achievement	
Number of proactive research produced	65	
Number of NCOP plenaries attended	45	
Number of Legislation facilitated	4	
Number of NCOP legislation facilitated	11	



### Number of oversight committee meeting organised

20. The achievement of 65 oversight committee meetings organised was reported against a target 104 in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

### Other matters

21. I draw attention to the matters below.

### Achievement of planned targets

22. Refer to the annual performance report on pages 15 to 25 or information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 19 to 20 of this report.

### Adjustment of material misstatements

23. 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. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

### Report on the audit of compliance with legislation

### Introduction and scope

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

### **Annual financial statements**

26. The annual financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice, as required by sections 56(1) of the FMPPL Act.

Material misstatements on receivables, payables and disclosures identified by the auditors in the submitted annual financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information 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 in this auditor's report.

- 28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
- 29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 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, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the finding on compliance with legislation included in this report
- 32. The accounting officer did not adequately review the financial statements and the annual performance report prior to their submission for audit and thus material misstatements, which were subsequently corrected, were not identified and prevented at an earlier stage.
- 33. Management did not implement proper record management system to maintain information that supported reported performance information against predetermined objectives.
- 34. Management further did not reconcile and review the adequacy of underlying information against which performance against predetermined objectives was reported.

Polokwane

31 July 2022



uctitor - General

Auditing to build public confidence



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

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

### **Financial statements**

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

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



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



## LIMPOPO LEGISLATURE VOTE 02 ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL for the year ended 31 March 2022

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 indepebent 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 responsibities, 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-to-, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2022 and were signed on its behalf by:

Mr Mothoa S The Secretary



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	8	662	755
Operating lease asset	7	-	110
Receivables from exchange transactions	9	450	355
Prepayments		10	9
Cash and cash equivalents	11 _	56,722	9,875
	_	57,844	11,104
Non-Current Assets			
Property, plant and equipment	3	28,190	29,616
Intangible assets	4	2,645	3,352
Heritage assets	5	528	528
	_	31,363	33,496
Total Assets		89,207	44,600
Liabilities			
Current Liabilities			
Finance lease obligation	12	712	681
Operating lease liability	7	63	-
Payables from exchange transactions	14	25,358	21,035
Payable from non exchange tracsaction	15	9,463	90
Provisions	13	18,087	13,142
	_	53,683	34,948
Non-Current Liabilities			
Finance lease obligation	12	174	203
Provisions	13	40,286	35,446
	_	40,460	35,649
Total Liabilities	_	94,143	70,597
Net Assets	_	(4,936)	(25,997)
Accumulated surplus	_	(4,936)	(25,997)
	_		



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Other income	18	109	190
Interest received	19	1,962	2,211
Total revenue from exchange transactions		2,071	2,401
Revenue from non-exchange transactions			
Transfer revenue			
Annual appropriation		368,405	284,812
Service in Kind Rental income		9,960	8,512
Statutory appropriation		51,574	53,124
Total revenue from non-exchange transactions		429,939	346,448
Total revenue	16	432,010	348,849
Expenditure			
Employee related costs	20	(198,785)	(191,156)
Transfer payments - Other	21	(106,431)	(81,727)
Depreciation and amortisation		(8,803)	(6,892)
Impairment loss	22	(769)	(503)
Finance costs	23	(81)	(84)
Remuneration of members	17	(53,274)	(50,471)
Loss on disposal of assets and liabilities	24	- (40, 407)	(11)
General expenses	24 25	(40,467)	(34,226)
Repairs and maitenance		(2,337)	(1,993)
Total expenditure	_	(410,947)	(367,063)
Surplus (deficit) for the year		21,063	(18,214)



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2022

Figures in Rand thousand	Accumulated surplus	Total net assets
Balance at 01 April 2020 Changes in net assets	(7,783)	(7,783)
Surplus for the year	(18,214)	(18,214)
Total changes	(18,214)	(18,214)
Opening balance as previously reported Adjustments	(27,250)	(27,250)
Prior year adjustments (Refer to Note 30)	1,253	1,253
Restated* Balance at 01 April 2021 as restated* Changes in net assets	(25,997)	(25,997)
Surplus/Deficit for the year	21,061	21,061
Total changes	21,061	21,061
Balance at 31 March 2022	(4,936)	(4,936)



## LIMPOPO LEGISLATURE VOTE 02 CASHFLOW STATEMENT for the year ended 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Interest income		1,962	2,211
Receipts	_	429,952	338,126
	_	431,914	340,337
Payments		(377,551)	(346,542)
Net cash flows from operating activities	26	54,363	(6,205)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,896)	(1,859)
Proceeds from sale of property, plant and equipment Purchase of other intangible assets	3 4	- (4,548)	302 (4,216)
Net cash flows from investing activities	· -	(6,444)	(5,773)
Cash flows from financing activities			
Finance lease payments		(990)	(801)
Finance costs	_	(82)	(84)
Net cash flows from financing activities	_	(1,072)	(885)
Net increase/(decrease) in cash and cash equivalents		46,847	(12,863)
Cash and cash equivalents at the beginning of the year	_	9,875	22,738
Cash and cash equivalents at the end of the year	11 _	56,722	9,875



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2022

Budget on Cash Basis	Approved	Adjustments	Final Budget	Actual amounts		Reference
<b>5 5</b>	budget	·	-	on comparable basis	between final budget and	
Figures in Rand thousand				_	actual	
Cash Flow Statement						
Cash flows from operating activ	ities					
Receipts						
Other income	174	-	174	100	(65)	
Interest income	2,700	-	2,700	1,962	(738)	Less interest due change of bank accounts
Annual appropriation	343,905	34,375	378,280	378,280	-	
Statutory appropriation	51,574	-	51,574	51,574	-	
	398,353	34,375	432,728	431,925	(803)	
Payments						
Employee costs	(209,206)	(44,082)	(253,288	) (237,740)	15,548	The underspending is due to the fact that only 1.5% increase was
Good and Services	(52,021)	(8,636)	(60,657	<b>)</b> (37,518)	23,139	implemented instead of the 4% budget. Most activities were affected by the Covid
Transfer Payments	(126,252)	18,343	(107,909	) (107,491)	418	19 restrictions.  The underspending is due to the politicall party support that are paid internally
-	(387,479)	(34,375)	(421,854	) (382,749)	39,105	
Net cash flows from operating activities	10,874	- -	10,874	49,176	38,302	
Cash flows from investing activi	tios					
Purchase of property, plant and equipment	(8,000)	-	(8,000	) (1,914)	6,086	The underspending was due to the delay in renovation and relocation to new offices.delay in aquisition of furniture.
Net increase/(decrease) in cash and cash equivalents	2,874	-	2,874	47,262	44,388	Turriiture.
Cash and cash equivalents at the end of the year	2,874	-	2,874	47,262	44,388	



## LIMPOPO LEGISLATURE VOTE 02 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS for the year ended 31 March 2022

Budget on Cash Basis		_		
	Approved budget	Adjustments	Final Budget Actual amounts Difference Referonce on comparable between final basis budget and	ence
Figures in Rand thousand			actual	
Reconciliation				
Net cash from (used) operating				
Basis difference Depreciation and amortisation Impairment Reversal of impairement on debtors			8,803 769 72	
Timing difference Operating lease assets Receivables Prepayment Inventories			173 (65) (1) 93	
Provision Payables			11,577 (12,219)	
Net cash from (used) financing				
Basis difference Finance cost			81	
Timing difference Finance lease liability			177	
Actual Amount in the Cash flow statement			56,722	



### 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 valuein-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. In addition, goodwill is tested on an annual basis for impairment. 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 goodwill and 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.



### 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

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 23.



### 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.



### 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 the final authorisation for the payment is effected in the system.

### 1.7 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid in registered banking institutions and are subject to an insignificant risk of change in value.



### 1.8 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.

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.



### 1.8 Financial instruments (continued)

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.

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.



#### 1.8 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.

### 1.9 Taxation

### Tax expenses

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

### 1.10 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.



### 1.10 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.

#### 1.11 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.

#### 1.12 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.

### 1.13 Compound instruments

Transfers and subsidies include all non-exchange payments made by Limpopo Legislature. The transfer is recognised as an expense when it is approved and captured on the system.

### 1.14 Employee benefits

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



### LIMPOPO LEGISLATURE VOTE 02 ACCOUNTING POLICIES for the year ended 31 March 2022

### 1.14 Employee benefits (continued)

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.

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 2022

## 1.14 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.

## 1.15 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 29.

## 1.16 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.

## 1.17 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.



# ACCOUNTING POLICIES for the year ended 31 March 2022

## 1.17 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.

## Appropriation

Appropriation is recognised as Revenue when it is tabeled at Legislature.

## 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.

## 1.18 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.

## 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.



# LIMPOPO LEGISLATURE VOTE 02 ACCOUNTING POLICIES for the year ended 31 March 2022

## 1.19 Comparative figures

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

## 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- · overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

## 1.21 Fruitless and wasteful expenditure

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

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

## 1.22 Irregular expenditure

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

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

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.

## 1.23 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.



# ACCOUNTING POLICIES for the year ended 31 March 2022

## 1.23 Budget information (continued)

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

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.

### 1.24 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.

## 1.25 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);
- 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.

## 1.26 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

## 1.27 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.

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



# LIMPOPO LEGISLATURE VOTE 02 ACCOUNTING POLICIES for the year ended 31 March 2022

## 1.28 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 2022 2021

### 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 2022 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 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.



## 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 not yet set by the Minister of Finance.

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 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 interpretation's operations.

It is unlikely that the interpretation 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**



## 2. New standards and interpretations (continued)

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

		2022			2021	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Plant and machinery	989	-	989	-	-	-
Furniture and fixtures	7,209	(5,544)	1,665	7,209	(5,246)	1,963
Motor vehicles	17,851	(7,189)	10,662	17,851	(5,772)	12,079
Office equipment	2,551	(1,703)	848	2,550	(1,591)	959
IT equipment	26,116	(15,080)	11,036	25,215	(13,874)	11,341
Security equipment	5,167	(3,146)	2,021	5,167	(2,867)	2,300
Library books	1,009	(911)	98	1,002	(892)	110
Finance lease assets	4,891	(4,020)	871	3,898	(3,034)	864
Total	65,783	(37,593)	28,190	62,892	(33,276)	29,616

## Reconciliation of property, plant and equipment - 2022

	Opening	Additions	Depreciation	Impairment	l otal
	balance			loss	
Plant and machinery	-	989	-	-	989
Furniture and fixtures	1,964	-	(171)	(128)	1,665
Motor vehicles	12,079	-	(1,131)	(286)	10,662
Office equipment	959	-	(79)	(32)	848
IT equipment	11,342	900	(971)	(235)	11,036
Security equipment	2,299	-	(190)	(88)	2,021
Library books	110	7	(19)	-	98
Finance lease assets	864	994	(987)	-	871
	29,617	2,890	(3,548)	(769)	28,190

Figures in Rand thousand

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

## Reconciliation of property, plant and equipment - 2021

	Opening	Additions	Disposals	Depreciation	Impairment	Total
	balance				loss	
Furniture and fixtures	2,044	232	-	(173)	(139)	1,964
Motor vehicles	13,602	-	(313)	(1,210)	-	12,079
Office equipment	787	265	-	(70)	(23)	959
IT equipment	11,555	1,012	-	(958)	(267)	11,342
Security equipment	2,218	339	-	(185)	(73)	2,299
Library books	119	9	-	(18)	-	110
Finance lease assets	770	895	-	(801)	-	864
-	31,095	2,752	(313)	(3,415)	(502)	29,617

## 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 871 864

4. Intangible assets

	2022			2021	
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
25,479	(22,834)	2,645	20,931	(17,579)	3,352

Computer software, other



Figures in Rand thousand					2022	2021
4. Intangible assets (continu	iod)					
Reconciliation of intangible as						
reconciliation of intangible as	3613 - 2022		Opening	Additions	Amortisation	Total
Computer software, other			balance 3,352	4,548	(5,255)	2,645
		_	3,332	4,540	(3,233)	2,043
Reconciliation of intangible as	sets - 2021					
			Opening balance	Additions	Amortisation	Total
Computer software, other		_	2,610	4,216	(3,474)	3,352
5. Heritage assets						
		2022			2021	
	Cost / Valuation	Accumulated impairment losses	Carrying value	e Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage asset	528	-	528	52	28 -	528
Reconciliation of heritage asse	ets 2022					
					Opening balance	Total
Heritage asset				-	528	528
Reconciliation of heritage asse	ets 2021					
					Opening	Total
Heritage asset					balance 528	528
6. Change in accounting est	timate			•		
None						
7. Operating lease asset (ac	crual)					
Current assets Current liabilities					(63	. 110 ) -
					(63	) 110
8. Inventories						
Opening stock					755	
Purchases Utilised					536 (629	
					662	755



Figures in Rand thousand					2022	2021
9. Receivables from exchan	ge transactions					
Staff debtors					1,588	1,565
Allowance for doubtful debt					(1,138)	(1,210)
				_	450	355
Trade and other receivables ag	geing					
The ageing of amounts are as fo	llows:					
Less than 3 months					74	21
Greater than 6 months	•				168	116
Greater than 1 year but less that Greater than 2 years but less that					69 139	278 5
Greater than 3 years	an 5 years				1,138	1,145
Reconciliation of provision for	impairment of trac	le and other re	eceivables			
Opening balance					(1,210)	(1,127)
Provision for impairment					-	(83)
Unused amounts reversed				_	72	
				_	(1,138)	(1,210)
10. Receivables from non-exc	change transaction	s				
Service in kind receivables					9,960	8,512
Amortised service in kind receiva	ables			_	(9,960)	(8,512)
				_		
11. Cash and cash equivalen	ts					
Cash and cash equivalents cons	ist of:					
Standard Bank					56,722	-
ABSA				_	-	9,875
				_	56,722	9,875
The entity had the following ba	ank accounts					
Account number / description		itement balance			book balances	
STANDARD BANK - Cheque	31 March 2022 31 56,722	warch 2021 31 -	warch 2020 30 -	March 2022 31 56,722	warch 2021 31 -	iviarch 2020 -
Account - 012926205 ABSA BANK - Cheque Account -4094351649	-	9,875	22,738	-	9,875	22,738
Total	56,722	9,875	22,738	56,722	9,875	22,738



				2022	2021
12. Finance lease obligation					
Minimum lease payments due					
- within one year				748	719
- in second to fifth year inclusive				186	21
				934	930
less: future finance charges				(48)	(52
Present value of minimum lease payme	nts			886	884
Present value of minimum lease payme	nts due				
- within one year				712	68
- in second to fifth year inclusive				174	203
				886	884
Non-current liabilities				174	203
Current liabilities				712	68
				886	884
D 111 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					
Reconciliation of provisions - 2022  Gratuity benefits	Opening Balance 8,779	Additions 2,762	Utilised during the year (403)	Addition -	Total 11,138
Gratuity benefits Provision for bonuses	Balance 8,779 5,990	2,762 11,419	the year (403) (8,869)	Addition - 2,879	11,138 11,419
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid	Balance 8,779 5,990 31,838	2,762 11,419 2,240	the year (403) (8,869) (249)	-	11,138 11,419 33,829
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid	Balance 8,779 5,990 31,838 1,981	2,762 11,419 2,240 326	the year (403) (8,869) (249) (320)	2,879 - -	11,138 11,419 33,829 1,987
Gratuity benefits Provision for bonuses	Balance 8,779 5,990 31,838	2,762 11,419 2,240	the year (403) (8,869) (249)	-	11,138 11,419 33,829
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards	Balance 8,779 5,990 31,838 1,981	2,762 11,419 2,240 326	the year (403) (8,869) (249) (320)	2,879 - -	11,138 11,419 33,829 1,987
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021	Balance 8,779 5,990 31,838 1,981 48,588 Opening Balance	2,762 11,419 2,240 326 <b>16,747</b> Additions	the year (403) (8,869) (249) (320)	2,879 - -	11,138 11,419 33,829 1,987 58,373
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit	Balance 8,779 5,990 31,838 1,981 48,588 Opening Balance 5,975	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year	2,879 - - - <b>2,879</b> Addition	11,138 11,419 33,829 1,987 <b>58,373</b> Total
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses	Balance 8,779 5,990 31,838 1,981 48,588 Opening Balance 5,975 10,057	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122)	2,879 - - - <b>2,879</b> Addition	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses Post retirement benefits - Medical aid	Balance 8,779 5,990 31,838 1,981 48,588 Opening Balance 5,975 10,057 27,069	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990 4,865	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122) (96)	2,879 - - - 2,879 Addition - 65 -	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990 31,838
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses Post retirement benefits - Medical aid	Balance 8,779 5,990 31,838 1,981 48,588 Opening Balance 5,975 10,057	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122)	2,879 - - - <b>2,879</b> Addition	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses Post retirement benefits - Medical aid Long service awards	Balance 8,779 5,990 31,838 1,981 48,588  Opening Balance 5,975 10,057 27,069 1,887	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990 4,865 244	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122) (96) (150)	2,879 - - 2,879 Addition - 65 - -	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990 31,838 1,981 <b>48,588</b>
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses Post retirement benefits - Medical aid Long service awards  Non-current liabilities	Balance 8,779 5,990 31,838 1,981 48,588  Opening Balance 5,975 10,057 27,069 1,887	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990 4,865 244	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122) (96) (150)	2,879 - - 2,879 Addition - 65 - - - 65	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990 31,838 1,981 <b>48,588</b>
Gratuity benefits Provision for bonuses Post retirement benefits - Medical aid Long service awards  Reconciliation of provisions - 2021  Gratuity benefit Provision for bonuses Post retirement benefits - Medical aid Long service awards	Balance 8,779 5,990 31,838 1,981 48,588  Opening Balance 5,975 10,057 27,069 1,887	2,762 11,419 2,240 326 <b>16,747</b> Additions 2,804 5,990 4,865 244	the year (403) (8,869) (249) (320) (9,841)  Utilised during the year (10,122) (96) (150)	2,879 - - 2,879 Addition - 65 - -	11,138 11,419 33,829 1,987 <b>58,373</b> Total 8,779 5,990 31,838 1,981



Figures in Rand thousand	2022	2021
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## 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 2022. 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:

	2022	2021
Long term, duration specific, discount rate	8.07%	7.97%
CPI	5.37%	4.80%
Net discount rate (CPI)	2.56%	3.02%

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

Mortality Normal retirement age		SA85-90 63	
Withdrawal from service	Examples stated age		Male rates
	20	24%	16%
	30	15%	10%
Withdrawal from service	40	6%	6%
	50	2%	2%
	55	1%	1%
	60	-	-
	2	55 4	8 35



Figures in Rand thousand	2022	2021

## 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 2022. 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:

**Assumptions** 

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

Age difference between spouses Proportion married in retirement

Active employees 3 years 90 % Actual marital status used

Post employment health care assumptions Discount rate CPI Health care cost inflation Net discount rate

2022	2021
11.90%	14.22%
7.37%	9.31%
8.87%	10.81%
2.78%	3.08%



Figures in Rand thousand	2022	2021
rigules ili Naliu iliousaliu	2022	2021

## 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 2022. 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 2021 are based on the following factors:

Gratuity benefit assumptions	2022	2021
Discount rate	6.74%	5.26%
CPI	5.18%	3.69%
Salary inflation	6.18%	4.69%

The table below summarises the Office bearers set to receive the gratuity as at the current valuation date, 31 March 2022, as provided by the Limpopo Legislature.

Gratuities	2022	2021
Number of participants	38	38
Average age (years)	52.05	50.89
Average past service (years)	4.22	3.46
Average monthly salary (ZAR)	104648	107453

## 14. Payables from exchange transactions

Trade payables	3,976	1,144
Service bonus accrual	5,384	5,344
Accrued leave pay	13,653	13,636
Other accrued expenses	2,335	945
Other creditors	10	(34)
	25,358	21,035



Figures in Rand thousand	2022	2021
15. Payables from non exchange transaction		
Over transfers payable	9,463	90
16. Revenue		
Other income Interest received - Positive Bank Balance Annual appropriation Service in Kind Rental income Statutory appropriation	109 1,962 368,405 9,960 51,574 432,010	190 2,211 284,812 8,512 53,124 348,849
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income Interest received - Positive Bank Balance	109 1,962	190 2,211
	2,071	2,401
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue Annual appropriation Statutory appropriation	368,405 51,574	284,812 53,124
Fund rolled over from prior year	419,979 9,875	337,936 16,729
	429,854	354,665
Transfer revenue Current year receipts Funds rolled over from prior year Actual expenditure	419,979 9,875 (384,663)	337,936 16,729 (354,163)
Unspent appropriated funds carried over to next year Departmental revenue earned over to next year	45,191 2,041	502 2,704
	47,232	3,206

## Other income

Included in the other income of R 2 041 000 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	25,656	25,188
Service Bonus	2,052	1,945
Medical aid - Entity Contribution	164	240
Defined Contribution plans	6,792	6,537
Non pensionable allowance	15,848	13,757
Members graduity	2,762	2,804
	53,274	50,471



Figures in Rand thousand	2022	2021
18. Other income		
Other income	109	190
The amount included in other income includes the commission on insurance , interest charge replacement of loss property.	ed on outstanding	debts and
19. Interest received		
Interest revenue Bank	1,962	2,211
20. Employee related costs		
Basic Performance bonus and awards Medical aid - entity contributions UIF Service bonuses Defined contribution plans Overtime payments Leave discounting Long service bonus Housing benefits and allowances Non-pensionable allowances  21. Transfer payments - Other  Provinces and municipalities	113,885 15,321 11,511 16 8,760 14,355 389 651 326 7,010 26,561 198,785	113,417 6,670 13,686 16 8,793 13,780 144 2,955 245 7,035 24,415 <b>191,156</b>
Non-profit institutions	106,394	81,694
	106,431	81,727
22. Impairment of assets		
Impairments Property, plant and equipment 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,	769	503
23. Finance costs		
Finance leases	81	84



Figures in Rand thousand	2022	2021
24. General expenses		
	000	4.004
Advertising Park shares	909	1,099
Bank charges	20	20
Consulting and professional fees	666	2,053
Consumables Entertainment	941 16	963 228
	82	69
Motor vehicle expenses External audit fees	3,633	3,880
Internal audit fees	558	610
Printing and stationery	-	364
Communication costs	6,348	5,914
Transport provided as part of the departmental activities	215	69
Training	441	336
Travel and subsistence	9,930	4,476
ERP expenses	547	609
Bursaries (employees)	1,894	1,054
Legal services	775	1,351
Catering	653	389
Administrative fees	447	195
Operating leases	10,630	9,266
Contracted services	199	465
Venue expenses	295	8
Computer licenses	510	-
		-
Other expenses	758	808
Other expenses	758	
Other expenses	758 <b>40,467</b>	808 <b>34,226</b>
Other expenses  25. Expenditure incurred to repair and maintain property, plant and equipment		
25. Expenditure incurred to repair and maintain property, plant and equipment		34,226
	40,467	
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment	<b>40,467</b> 855	<b>34,226</b> 1,033
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment	855 1,482	<b>34,226</b> 1,033 960
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment  Motor Vehicles  26. Cash generated from (used in) operations	855 1,482	1,033 960 1,993
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment  Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)	855 1,482 2,337	1,033 960 1,993
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for:	855 1,482 2,337	1,033 960 1,993 (18,214
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation	855 1,482 2,337	1,033 960 1,993 (18,214 6,892
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment  Motor Vehicles	855 1,482 2,337	1,033 960 1,993 (18,214 6,892 11
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases	21,061 8,803 2,831 81 769	1,033 960 1,993 (18,214 6,892 11 84
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals	855 1,482 2,337 21,061 8,803 81 769 172	1,033 960 1,993 (18,214 6,892 11 84 503 21
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions	21,061 8,803 2,831 81 769	1,033 960 1,993 (18,214 6,892 11 84 503 21
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions Changes in working capital:	855 1,482 2,337 21,061 8,803 81 769 172	1,033 960 1,993 (18,214 6,892 11 84 503 21
25. Expenditure incurred to repair and maintain property, plant and equipment Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit) Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions Changes in working capital: Inventories	21,061 8,803 81 769 172 9,785	1,033 960 1,993 (18,214 6,892 11 84 503 21 3,600
25. Expenditure incurred to repair and maintain property, plant and equipment Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit) Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions Changes in working capital: Inventories Receivables from exchange transactions	21,061  8,803 - 81 769 172 9,785	1,033 960 1,993 (18,214 6,892 11 84 503 21 3,600
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions Prepayments	855 1,482 2,337 21,061 8,803 81 769 172 9,785 93 (95) (1)	1,033 960 1,993 (18,214 6,892 11 84 503 21 3,600 (81 1,433
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions Changes in working capital: Inventories Receivables from exchange transactions Prepayments Payables from exchange transactions	855 1,482 2,337 21,061 8,803 	1,033 960 1,993 (18,214 6,892 11 84 503 21 3,600 (81 1,433 (1
25. Expenditure incurred to repair and maintain property, plant and equipment  Office Equipment Motor Vehicles  26. Cash generated from (used in) operations  Surplus (deficit)  Adjustments for: Depreciation and amortisation Gain on sale of assets and liabilities Finance costs - Finance leases Impairment deficit Movements in operating lease assets and accruals Movements in provisions  Changes in working capital: Inventories Receivables from exchange transactions Prepayments	855 1,482 2,337 21,061 8,803 81 769 172 9,785 93 (95) (1)	<b>34,226</b> 1,033 960

## 27. Financial instruments disclosure

**Categories of financial instruments** 



Figures in Rand thousand	2022	2021
O7 Financial instruments disclosure (continued)		
27. Financial instruments disclosure (continued)	At amortised cost	Total
Trade and other receivables from exchange transactions	450	450
Cash and cash equivalents	56,722	56,722
	57,172	57,172
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	3,976	3,976
2021		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	355	355
Cash and Cash equivalents	9,875 <b>10,230</b>	9,875 <b>10,230</b>
		.0,200
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	1,144	1,144
28. Commitments		
Authorised expenditure		
Total capital commitments	4 000	4.047
Not yet contracted for and authorised by member	1,898	1,917
Authorised operational expenditure		
These commitment expenditure relates to the SCM orders that will be financed by	cash resources.	
Operating leases - as lessee (expense)		
Minimum lease payments due	670	674
<ul><li>within one year</li><li>in second to fifth year inclusive</li></ul>	670 1,620	671 2,290
	2,290	2,961

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	2022	2021

## 29. Contingencies

The Legislature has a contingent liability in respect of housing guarantees issued to finance institutions on behalf of employees. It is not expected that any material liability will arise from this guarantees.

The Legislature also has a contingent liability in respect of legal claims regarding labour matters. 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. The list of contingencies can be accessible from our head office in Lebowakgomo.

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 350 000.

Other claim is a demand for the payment of salaries arrears for COPE support staff with unquantifiable amount. 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 500 000. Furthermore there is a claim for the former CFO claiming for the restatement after dismismissal with unquantiable amount and the estimated legal fees are R 350 000.

### Housing guarantees

	-	545
Legal claims		
	1,960	9,262

# 30. Service in Kind

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 - Service in kind

Public works Service in Kind, Refer to note 14 for the presentation of the service in kind rental income and note 22 for the related rental under operating lease. The office in Parliamentary village are insignificant and members pays rental income for 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 excep Public works building in Lebowakgomo. Refer to note 14 for the revenue recognised from the service in kind and note 22 for the related rental under operating lease.



Figures in Rand thousand

## 31. Related parties - Key management personnel

## Executive

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		1,978
Deputy speaker	840	216	120	-	-	424	1,600
Senior Management	4.044	404		004	400	400	0.405
Chief Financial Officer	1,241	161	-	201	489		2,195
Legal advisor	1,136		-	181	373		1,955
Secretary to the Legislature	1,980	-	-	303	566	116	2,965
	6,264	792	240	774	1,793	830	10,693
2021							
	Basic salary	Pension fund employer contribution	Political office bearer allowance	Bonuses	Car allowance	Other benefits	Total
Executive Authority Office		CONTRIBUTION	allowarioo				
Speaker to the Legislature	1,239	_	80	_	_	17	1,336
Deputy speaker	1,480		120	-	_	121	1,721
Senior Management	.,						.,. = .
Chief Financial Officer	1,225	159	_	219	481	100	2,184
Legal advisor	1,119		-	199	368	115	1,946
Secretary of the Legislature	1,950	-	-	329	558	114	2,951
	7,013	304	200	747	1,407	467	10,138

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



Figures in Rand thousand	2022	2021

## 32. Prior period error

The following prior period errors adjustments occurred, Receivable was overstated with the invalid debts. Propety Plant and Equipment, one vehicle and a Trailer in good working condition were erroneously impaired to Nil in the prior years furthermore there were reclassification between the various assets categories due to the nature of the assets. The impact on the Property, plant and Equipment was due to the duplications in the asset register and the disposal of IT gadges for members of the Provincial legislature who have finished their term of office as well as officials who resigned/retired from the legislature. For the Intangible assets the prior period error was due to the fact that there were differences between the assets register and accounting records. Trade and other payables was restated due to the the prior year claims that were previously not accounted and furthermore the payables reversed was for the COPE that is no longer having a seat at the Legislature. Service in Kind was incorrectly calculated. Furthermore the service in kind was incorrectly presented un receivables from exchange transaction instead of receivable from non exchange transaction the presentation was correcetd. The provision for gratuity was also incorrectly valued due to the incorrect date for the election of members. Refer to the details and amounts below;

## Statement of financial position

## 2021

	Note	As previously reported	Correction of error	Restated
Receivables		425	(70)	355
Property, Plant and Equipment - Cost		63,092	(198)	62,894
Property, Plant and Equipment - Acc depreciation		(33,551)	274	(33,277)
Intangible Assets - Accumulated Armotisation		(17,589)	9	(17,580)
Trade and other Payables		(24,155)	3,029	(21,126)
Service In Kind receievables		5,806	2,706	8,512
Amortised service in Kind receivables		(5,806)	(2,706)	(8,512)
Provision - Gratuity benefits		(6,988)	(1,791)	(8,779)
		(18,766)	1,253	(8,734)

## Statement of financial performance

2021

Depreciation
Impairment loss
General Expenses
Service in Kind Rental income
Remuneration of members

## Surplus for the year

е

Committment - Operating committment

Note	As previously	Correction of	Restated
	reported	error	
	3,403	(33)	3,370
	506	3	509
	31,491	2,735	34,226
	(5,806)	(2,706)	(8,512)
	48,680	1,791	50,471
	78,274	1,790	80,064

As previously reported	Correction of error	Total	
210	(210)		-



Figures in Rand thousand	2022	2021

## 33. 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 2022	Less than 1 Between 1 and Between 2 and Over 5 years  vear 2 vears 5 vears
Trade and other payables	3,976
At 31 March 2021	Less than 1 Between 1 and Between 2 and Over 5 years
Trade and other payables	year 2 years 5 years 1,144

## 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	2022	2021
Cash and Cash equiavalents	56,722	9,875
Receivables from exchange transactions	450	355

## 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.

## 34. 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.



Figures in Rand thousand 2022 2021

## 35. Events after the reporting date

The President of the Republic has approved the salary increase on the 14th June 2022 for Members of Parliament, as a results of the government Gazzete published by the President all the provincial legislatures were also required to gazzette their own salary increase for Member of Provincial Legislatures. The effective date of the salary increase were as from the 1st April 2021 therefore this is an adjusting events. The events has beend adjusted in the Annual Financial statement. The recognision of the increase on the members remuneration and related accruals is effected.

None

36. Unauthorised expenditure

None.

37. Fruitless and wasteful expenditure

None.

38. Irregular expenditure

None





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