KWAZULU-NATAL LEGISLATURE

AN ACTIVIST, PEOPLE-CENTRED LEGISLATURE

AND KWAZULU NATAL REPRESENTED POLITICAL PARTIES' FUND

ANNUAL REPORT

2020/2021

KWAZULU-NATAL **LEGISLATURE**

AN ACTIVIST, PEOPLE-CENTRED LEGISLATURE

"Charlotte Manye Maxeke is known as the first black woman from South Africa to hold a graduate degree, and for her exceptional contribution to the struggle for women's and workers' rights, and her lifelong dedication to the struggle for peace and justice."

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ABBREVIATIONS

Abbreviation	Full Description
AG	Auditor-General
ANC	African National Congress
AOP	Annual Oversight Plan
APP	Annual performance Plan
Arco	Audit and Risk Committee
BranCo	Branch Committee
CAE	Chief Audit Executive
CPA	Commonwealth Parliamentary Association
DA	Democratic Alliance
Dirco	Department of International Relations and Co-operation
DoPW	Department of Public Works
DoRA	Division of Revenue Act
EFF	Economic Freedom Fighters
ERP	Enterprise Resource Planning
ExCo	Executive Committee
FISes	Focused Intervention Studies
FMPPLA	Financial Management of Parliament and Provincial Legislatures
GRAP	Generally Recognised Accounting Practise
HIV	Human Immunodeficiency Virus
IA	Internal Audit
ICT	Information Communication Technology
IDPs	Individual Development Plans
IESBA	International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants
IFP	Inkatha Freedom Party
IGR	Inter-Governmental Relations
IPRS	Indicator Protocol Reference Sheets
ISAs	International Standards on Auditing
KZNL	KwaZulu-Natal Legislature
KZNPPFA	KwaZulu-Natal Represented Political Parties' Fund Act
STACOV	Standing Committee on Oversight

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FOREWORD

Honourable Ms Nontembeko Nothemba Boyce
Speaker of the KwaZulu-Natal Legislature

There is an old African proverb that says “If you want to go quickly, go alone. If you want to go far, go together”. As we continue in the struggle to improve the quality of life in our beautiful Province of KwaZulu-Natal, we look back and call on the spirits of our struggle heroes and heroines that they may be our perpetual source of inspiration and source of strength. As we take this privilege to present the 2020/21 Annual Reports for the KwaZulu-Natal Legislature and the KwaZulu-Natal Represented Political Parties Fund (PPF), we want to do so in the heroic spirit of Ms Charlotte Maxeke, passionately known as the “Mother of Black Freedom in South Africa”.

Despite the hostile political environment under the apartheid era, Ms Maxeke was not deterred as a political activist to fight for the emancipation of women. Women have remained a significant part of the vulnerable groups in our communities to date and as an activist Legislature, we do fight inspiration from the example of this heroine.

It is important to state that 2020/21 was one of the most challenging years in the history of the KwaZulu-Natal Legislature. It was a year in which a total of four (4) serving Members, one (1) employee and eight (8) former Members of the Legislature were stollen from us by the enemy known as death. As if this was not enough, the Province and the Zulu nation was shuttered by the untimely passing away of His Majesty, King Zwelithini kaBhekuzulu and Her Majesty, Queen Shiyiwe Mantfombi Zulu.

It is, however, comforting to report that despite this shadow of death that required temporal suspension of the Provincial Government’s programmes, all structures of the Legislature including political parties embraced the spirit of ubuntu in both comforting each other as well as pursuing the Legislature’s constitutional mandate and planned performance targets for the year.

One of the important achievements of the year was a well consulted process of repealing the KwaZulu-Natal Represented Political Party Funding Act (PPF). This was necessary to ensure complete compliance with the amended National Political Party Funding Act. By working hand-in-glove with the Independent Electoral Commission (IEC), our political and administrative processes successfully repealed the PPF Act and reviewed applicable policies to ensure that the Legislature’s funding of political parties is constitutionally compliant. We are proud that our process became one of the sector benchmarks in the country.

In our efforts to create a more conducive environment for improved and robust oversight, we have embarked on a process of enacting a bill that enable the Legislature to amend money bills and subordinate legislation. We target concluding on this process in the upcoming year.

In light of digitisation and other innovative ways of operating, the Legislature continued to propose and in some instances adopted amendments to the House Rules. Rules workshops were conducted as part of discussing and implementing the new amendments. Furthermore, the process of digitisation saw the Legislature introduce a KZN App to enhance effectiveness in distributing, accessing documents and information required for Committee work.

While the Legislature significantly delivered on its performance targets, there were, however, areas that were challenged because of the Covid-19 lock-down protocols, especially on public and civic education targets. To address this, the Legislature quickly reviewed and adopted an amended public and civic education strategy to accommodate the pandemic. Public education, including voter education is one of the pillars of our democracy and as such, we continue to innovate and embrace creative approaches to strengthen this area.

The Speaker's Social Responsibility Programme continues its work especially in light of what can be referred to as the Gender Based Violence Pandemic in our society. We continue to target inaugural Annual LGBTQIA+ Symposia, Sex work, farm workers, children, elderly and to work closely with community structures such as traditional leadership and civil societies.

It is important to state that the Legislature is not only the voice of the people in the context of deepening democracy, it is also an instrument of facilitating good governance within the Province. Our law-making and oversight activities do not only seek to achieve better service delivery, they also seek to deliver an accountable, transparent government that is run on demonstrated principles of clean administration.

Linked to good governance, the Legislature is proud to state that for the year 2020/21, the collective efforts of all structures of the Legislature saw the Auditor-General issue out clean audit outcomes for both the Legislature and the KwaZulu-Natal Represented Political Parties' Fund (PPF). As a collective, both Members, Employees of the Legislature, not forgetting the valuable guidance and scrutiny by the Standing Committee on Oversight (Stacov) as well as the watchful eye of the Audit & Risk Committee, we worked together to deliver these applaudable audit outcomes. It is this collective approach, teamwork and commitment to improved operational effectiveness that we will always applaud, cultivate and celebrate. We believe that together with our citizens and other strategic stakeholders, we will continue to achieve more.

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The Honourable Ms N. N. Boyce
Speaker of the KwaZulu-Natal Legislature

OFFICIAL SIGN-OFF

SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY BY THE ACCOUNTING OFFICER

I have the honour of submitting the Annual Report of the KwaZulu-Natal Provincial Legislature for the year 2020/21 to the Executive Authority in terms of Financial Management of Parliament and Provincial Legislatures Act, Act no 10 of 2009.

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Ms N Naidoo
Secretary to the KwaZulu-Natal Legislature

INTRODUCTION BY THE SECRETARY

Ms Nerusha Naidoo
Accounting Officer: KwaZulu-Natal Legislature

The 2020/21 Annual Reports for the KwaZulu-Natal Provincial Legislature and the KwaZulu-Natal Represented Political Parties' Funds (PPF) have been prepared to highlight some of the significant challenges and achievements of the Legislature. While the Legislature went into 2020/21 financial year celebrating a 2019/20 unqualified audit opinion by the Auditor-General, the task on hand was to push for an even better audit outcome for the end of the 2020/21 financial year.

It is pleasing to indicate that the audit strategy that was prepared to pursue a clean administration was effectively implemented under the guidance of the political leadership and oversight by Stacov working together with the Risk & Internal Audit Committee. Apart from a clean audit opinion given by the Auditor-General, the strategy led to a smooth audit process conducted under Covid-19 pandemic lockdown conditions. It is our objective to not only maintain this approach but to even improve it whenever an opportunity presents itself.

The positive audit outcome demonstrates that the organisational, administrative and operational systems of the Legislature were adequate to effectively provide required support to Members of the Legislature to effectively deliver on their constitutional mandate. A lot of credit goes to the effort that was put behind implementing ICT solutions on digitisation to ensure that the negative Covid-19 pandemic is kept at bay.

To ensure continuous improvements and faster modernisation of the Legislature, a draft digitisation strategy was developed and is set for adoption and implementation in 2021/22. Linked to this process is the endeavour to develop a new business operating model for the Legislature to accommodate amongst other matters, remote working concepts as well as redistribution of resources as part of enhancing institutional efficiencies. This is important in light of the projected baseline budget cuts over the 2021/22 Medium Term Expenditure Framework (MTEF).

During the year under review, filling of the vacant research positions remained in the centre of budget discussions and through the anticipated new business operating model, it is envisaged that resources will be precipitated to fund these positions. This will cover as well, the resources required for the new Ad-hoc Committees and in-sourcing of cleaning and internal audit services.

It is also important to report that while the new organogram that was approved in 2018/19 has been implemented, there are still two Job Evaluation cases being addressed at a CCMA level. These are set to be concluded during the incoming year.

As part of modernising the Legislature, the Human Resource and the Security & Facilities teams of the Legislature began to run empowerment, awareness and or training sessions to prepare staff and Members to effectively operate in new ways in response to Covid-19 lockdown protocols. This included how to manage time while working from home, how to supervise staff working remotely as well as providing health information related to safety during the Covid-19 pandemic. More interventions of a Change Management nature remain on the cards as the Legislature continues in a path of innovation and operational transformation.

As part of ensuring that the Legislature's operations remain relevant to the needs of the Province, a series of strategic workshops were held including on Rules of the House, Chairpersons Committee to look at approaches on oversight, law-making and public participation and Annual Oversight Plans for

Committees. This process led to the adoption of the 2021/22 Annual Performance Plan and Budget.

At a sector level, the Legislature continued to play a leading role especially in coordinating the Core Business Cluster. This included ensuring that the Legislature effectively participates in the activities of the Commonwealth Parliamentary Association (CPA). Most of the activities of sector were held through webinars because of the Covid-19 lockdown protocols that restricted travel and physical meetings. This negatively affected the Legislature's international empowerment programme. In the upcoming year, the possibility of utilising webinars for this purpose will be explored.

It is against this background that as the Accounting Officer of the Legislature, I forward both the KwaZulu-Natal Legislature and the KwaZulu-Natal Represented Political Parties' Fund annual reports to the honourable Speaker.

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Ms N Naidoo

Secretary to the KwaZulu-Natal Legislature

VISION STATEMENT

An Activist, People-Centred Legislature

MISSION STATEMENT

To deepen democracy in KwaZulu-Natal through robust oversight, effective public involvement, progressive and efficient law-making

STRATEGIC OBJECTIVE

OVERSIGHT

The NDP, Provincial Growth and Development Plan (PGDP) and Medium-Term Expenditure Framework (MTSF) targets and priorities of Government inform the oversight approach for the current five- year strategy. This includes focusing effectively on the achievement of outcomes of government programmes. This is a research dependent type of oversight that has to be provided in context of struggling economic environment. Efficiencies of government processes need to be overseen to ensure optimum utilization of government resources. It is for this reason that the Legislature adopted the following oversight strategic objective:

Provide an efficiency and research-driven oversight

PUBLIC PARTICIPATION

As an activist institution and in terms of its constitutional mandate, the Legislature seeks to improve its partnership with communities as well as to become more visible and responsive to the needs of citizens. This is why the current strategy places a strong emphasis on public education and engagements with marginalized sectors of our communities. It is for this reason that the Legislature adopted the following public participation strategic objective:

Provide formidable and strategic partnerships with citizens, communities and civil society organisations

LAW-MAKING

On law-making, the Legislature seeks to ensure that it enacts provincial laws that are not only compliant with the Republic of South Africa's constitutional provisions and requirements but are also consulted as well as transformative. Further, the Legislature seeks to create adequate technical capacity to develop draft bills and evaluate impact process them into Acts. To achieve this, the Legislature adopted the following strategic objectives:

To provide an impact-based and consultative law-making process

STRATEGIC OBJECTIVES : GOVERNANCE AND LEADERSHIP

To improve governance and leadership, the Legislature adopted the following five Strategic Objectives:

i. *Improved institutional performance management;*

ii. *Improved institutional fiscal discipline and implementation of financial and supply chain prescripts;*

iii. *Improved corporate (Human Capital, Communications, Security & Facilities) management services;*

iv. *Good governance, internal controls and integrity management;*

v. *Improved intergovernmental and international relations (IGR), and*

vi. *Enhanced Legislature efficiencies through utilisation of digital platforms and provision of Information Communication Technology services*

CORE VALUES

In an effort to continuously improve institutional culture and climate, the Legislature adopted the following institutional values :-

i. Ethical behaviour: To act honestly and with integrity

ii. Discipline: To act in accordance with established rules, norms and standards

iii. Excellence: Continuous improvement in performance and quality/ standards

iv. Professionalism: Demonstrating competence, decisiveness and proficiency acting within professional norms and standards

v. Transparency: Being straightforward, accountable, sincere and candid

vi. Caring: Feeling and exhibiting concern and empathy for others

vii. Altruism: A deliberate pursuit of the welfare of others

viii. Respect of Diversity: Promoting diversity in all its forms

MANDATE

Constitutional Mandates

The mandate and authority of the Legislature is set out in Chapter 6 of the Constitution of the Republic of South Africa, Act No. 108 of 1996, as amended. The Legislature, among other issues, is given a mandate to:

- Consider, amend, pass or reject provincial laws;
- Consider, reject and or approve budgets for Provincial departments;
- Conduct oversight over the Provincial Executive Council; and
- Facilitate public participation in its legislative processes.

Legislative Mandates

The legislative obligations of the KwaZulu-Natal Legislature are clearly set out in the legislation identified below:

- Financial Management of Parliament and Provincial Legislatures Act, Act No. 10 of 2009 as amended;
- Promotion of Access to Information Act, Act No. 2 of 2000;
- Labour Relations Act, Act No. 66 of 1995 as amended;
- Basic Conditions of Employment Act, Act No.75 of 1997;
- Skills Development Act, Act No. 78 of 1998;
- Employment Equity Act, Act No. 55 of 1998;
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000;
- Broad Based Black Economic Empowerment Act, Act No. 53 of 2002;
- Public Finance Management Act; and
- Municipal Finance Management Act.

Policy Mandates

The functions of the Provincial Legislature are governed mainly by the following policies and regulations:

- The Standing Rules of the Legislature;
- Resolutions of the Standing Committee on Oversight of the
- Legislature and the House;
- KZN Legislature Conditions of Employment;
- KZN Supply Chain Management Policy Framework;
- Applicable Treasury Regulations;
- Supply Chain Management Regulations.

RELEVANT COURT RULINGS

There were no applicable court rulings for the year under review.

PART 1:

GENERAL INFORMATION

1. PUBLIC PARTICIPATION

In terms of Section 118 of the Constitution of the Republic of South Africa, the main objectives of Public Participation, Involvement and Petitions include the following:

i. Improved citizen engagement and participation in legislative processes; and

ii. Improved public and civic education programmes to empower the citizens of KwaZulu-Natal.

To fulfil this constitutional mandate during the 2020/21financial year, the Legislature embarked on a series of activities that encouraged public participation, which included the following main programmes:

1.1. Sector Parliaments, Symposia, TLtP and Official Opening of the Legislature

Sector Parliaments can be viewed as important mechanisms for enhancing public participation and deepening democracy through the involvement of targeted groups of youth, women, workers, faith formations, senior citizens and people with disabilities. These public engagements were held as indicated in Table 1 below.

Table 1

Event		Venue	Dates
Inter-Faith Symposium		Not held	
Workers' Parliament		Virtual Parliament	May 2020
Youth Parliament		Umshwathi	June 2020
Women's Parliament		Virtual Parliament	August 2020
Senior Citizens' Parliament		uThukela	October 2020
Taking Legislature to the People (TLtP)		eThekwini	November 2020
People with Disabilities' Parliament		uMzinyathi	December 2020
Official Opening of the Legislature	Opening of Legislature	uMgungundlovu	March 2021
	State of the Province Address		March 2021

The above targeted public participation events were established to coincide with the national days of recognition. Such sessions provide for representative structures to convene and run pseudo parliaments, assuming roles of parliamentarians to raise real issues of concern. The programme for these parliaments involves setting up of commissions, which deliberate on issues raised during the sitting and formulate resolutions for adoption by respective sector parliament sittings. The resolutions that were taken by these Sector Parliament Sittings were forwarded to Provincial Government Departments for consideration and action. Respective Portfolio and Standing Committees then drive oversight activities to ensure the implementation of the said resolutions.

In this term, the Legislature adopted a strategic objective on public participation that seeks to create closer partnership with communities as well as to become even more visible in communities. The drive towards fourth industrial revolution concepts continues to seek to overhaul public participation approaches especially in a bid to reach-out to a majority of those that have already migrated onto digital platforms. The continuous evaluation of the public participation programmes that were planned for the year under-review will continue into 2021/22 in light of the advent of the digital age.

1.2 Public Education

The Legislature has a critical constitutional obligation of facilitating public involvement in legislative matters in line with Section 118 of the Constitution. In this regard, the Legislature persistently endeavoured to enhance the knowledge of ordinary citizens about legislative matters, processes and their right to information. On this note, 40 public education workshops were planned, however, because of the stringent Covid-19 Lockdown protocols during the year, only seven (7) workshops were held. In the past, focus was largely on youths in secondary schools, however, an overwhelming interest by primary schools led to an overachievement in this area. Against an annual target of 20 workshops, the Legislature achieved a total of 90 workshops at no additional cost as all primary school workshops were done during normal school periods and as such no catering was required. If this trend is to continue, this target will be increased.

1.3 Public Hearings

Public hearings are one other strategic public involvement requirements in the processing of bills. During the year, six bills were processed (see table 2 on page 20). By their very nature, limited public hearings were held although the public, through their constituencies continued to have a right to make their inputs. The transition between one Legislature and another after an election was identified as a strategic risk to effective public hearings. This is therefore an area that has been planned for review through developing transition-protocols that will ensure a smooth public involvement even during the election year.

2. COMMUNICATIONS

To enhance the public profile of the work of the Legislature, especially that of its committees, the Legislature maintained its allocation of Communication Officers to Committees. During the year under review, Communications was identified as one of the areas that will require innovative means of enhancing its effectiveness, The Legislature’s website needs to be more accessible, educational and informative.An improved use of social media platforms was identified by Committees as something to be acted upon with urgency. This need was further emphasized by the advent on the Covid-19 epidemic that saw an urgent transition to virtual committee meetings and house sittings. However, the Legislature continued to make use of radio slots and print media in communicating the work of the Legislature.

3. COMMITTEES AND OVERSIGHT

3.1 Partnerships with Chapter 9 and 10 Institutions

Chapter 9 and 10 institutions continued to be strategic partners with the Legislature. They also played a role during the review of strategic planning sessions and in sector parliament sessions. A process of formalizing partnerships with these institutions through MOUs is underway. This will be followed up in the first half of 2020/21. Plans are also underway of updating service delivery baseline information on NDP/ PGDP targets for purposes of oversight work. This is to be done in partnership with Chapter 9 &10 institutions as well as other research institutions.

3.2 Sector Oversight Model Implementation

The Sector Oversight Model requires, in terms of Section 118 of the Constitution that the Legislature ensures public involvement in both Committee and House processes. There are at least two means of public involvement: -

i. Attending and observing Committee meetings and House sittings.

ii. Making inputs to Committees and or House through either writing or engaging with respective Constituency Member of the Provincial Legislature.

In its efforts to address the above, the Legislature continued to advertise Legislature programme and communicate it through various media channels. It further enhanced its invitations through partnering with Community Parliaments which mobilised on behalf of the Legislature especially for the House sittings.

In the year under review, there was however, a low stakeholder participation at Committee meetings. Apart from the fact that committee meeting rooms or boardrooms in the Legislature are small to accommodate public, the Committee activities were also fewer because of induction programmes as well as Committee workshops. This is an area that will be addressed by experimenting with having Committee meetings in public community halls. This will of course be regulated by health protocols to curb the spread of Covid-19. The use of social media and live streaming of committee work should also boost levels of community participation in Committee work.

Linked to the above point, the process of improving the Legislature's stakeholder database remains an ongoing developmental activity. A need to evaluate and assess the value-add of engagements with stakeholders cannot be overemphasized. The Committee on Public Participation and Petitions received quarterly feedback reports (outcomes- based reports) in this regard. This was meant to ensure that both the Legislature and the Stakeholders benefit from the public participation programmes.

3.3 Functionality Monitoring Programmes

During the course of the year, the Legislature continued with its Functionality Monitoring Programme. Education and Health remained central and as such, the functionality programme was structured in a manner that it focused on the implementation of NDP/PGDP. This is a research driven programme and having employed at least four additional researchers, it is anticipated that more work will be done in this area going forward. The functionality of community based structures such as School Governing Bodies (SGBs), Community Policing Forums, War Rooms etc should, once again be targeted.

4. RESEARCH

4.1 Focused Intervention Studies (FISes)

The Legislature was able to conduct FISes, however, of the eleven that were targeted, only 8 were completed in time. The outstanding ones were partly affected by Covid-19 lockdown as well as sick-leave of one of the researchers responsible for a delivery on this matter. The outstanding reports will be processed in the ensuing year.

4.2 Oversight Visits

Committees continued to undertake oversight visits in terms of their AOP targets, with the primary purpose of conducting verifications and on-site observations on identified projects, establishments and communities to ascertain levels of service delivery by organs of State. This also included receiving presentations and briefings at project sites or establishments. Such visits provided an opportunity to exercise robust oversight over departments' projects and to develop resolutions on how to improve the situation and even enforce remedial actions where necessary and applicable.

While the target on quarterly reports on oversight visits in terms of SOM were met, Committees without dedicated research capacity legged behind on this and other related aspects of Committee work. Efforts are still underway to ensure that at least all Committees eventually are provided with research capacity.

4.3 Oversight Analysis Reports

Supported by the research and budget analysts, Committees were able to conduct oversight on the work of the Provincial Executive in terms of SOM. The target for this area was to produce a total of 55 oversight analysis report on the quarterly and annual reports of Departments. This target was overachieved as a total of 67 reports were produced. This was because the additional researchers that were employed in 2019/20 made it possible to analyse additional reports. The target of 55 will therefore be increased for the 2021/22 financial year.

5. COMMITTEE PERFORMANCE

5.1 Committee Performance and Budget Monitoring

While Committee Annual Oversight Plans (AOPs) were inherited from the fourth Legislature, it is in the fifth Legislature that they were mainstreamed as a management tool to manage Committee performance. This saw Committee performance targets being elevated into the institution's Annual Performance Plan (APP) under budget programme 2.

Being the oversight engine of the Legislature, the Committees continued to align their Annual Oversight Plans (AOPs) with the NDP/PGDP. Note will be made that Committees were already conducting their oversight activities in terms of the six Sector Oversight Model (SOM) mechanisms even in the sixth term.

Whereas in the past, individual Committee expenditure was generically monitored, the advent of AOPs provided an opportunity of a more direct and reliable criteria for developing and monitoring Committee Budgets and expenditure. In the year under review, Chairpersons of Committees took Committee Performance monitoring and reporting to yet another level. Chairpersons resolved to personally present own quarterly performance reports on the implementation of their Committee AOPs at the Chairpersons' Committee. This means in the Committee Chairpersons continue their quest to become effective managers of their Committees and to fully accountable for the activities and expenditure of their Committees. Of the targeted twenty one (21) Committee AOPs, only eighteen (18) were adopted before end of the financial year with the remaining ones being adopted in the first month of the 2021/22 financial year.

This positive development has further clarified the role of the administration as a support function to Committees. It has also put the Office of the Chairperson of Committees in a better space of driving accountability in the management of Committee performance. Going forward, it is anticipated that this approach will continue to enable the Office of the Chairperson of Committees to implement early interventions especially regarding Committees that are overspending as well as underspending ones.

5.2 International Empowerment Programme

This is one of those areas that were hard hit by Covid-19 protocols. It is under this programme that Members get an opportunity to travel to learn and share experiences with other Legislatures/Parliaments at a global level. The Covid-19 pandemic made it difficult for this programme to proceed. Considerations are being made to run webinars until such time that travel restrictions are adequately lowered to accommodate the needs of this programme.

5.3 Library Services

The Legislature's library continued to service and respond to the needs of the Members and staff of the Legislature through allowing access to useful and empowering information relevant to their work and personal development. To ensure a continued service, the library successfully renewed all its online library subscriptions which included: South African Institute of Race Relations, Juta Law, Sabinet and EBSCO Host. It continued to liaise with external agencies for updating library systems and to consistently scan, store and disseminate newspaper articles to all Committees and staff members on topical issues affecting all spheres of government.

Furthermore, in keeping up with the digitisation PressReader continues to enable Members to easily access and read newspapers on-line using their smart phones and gadgets.

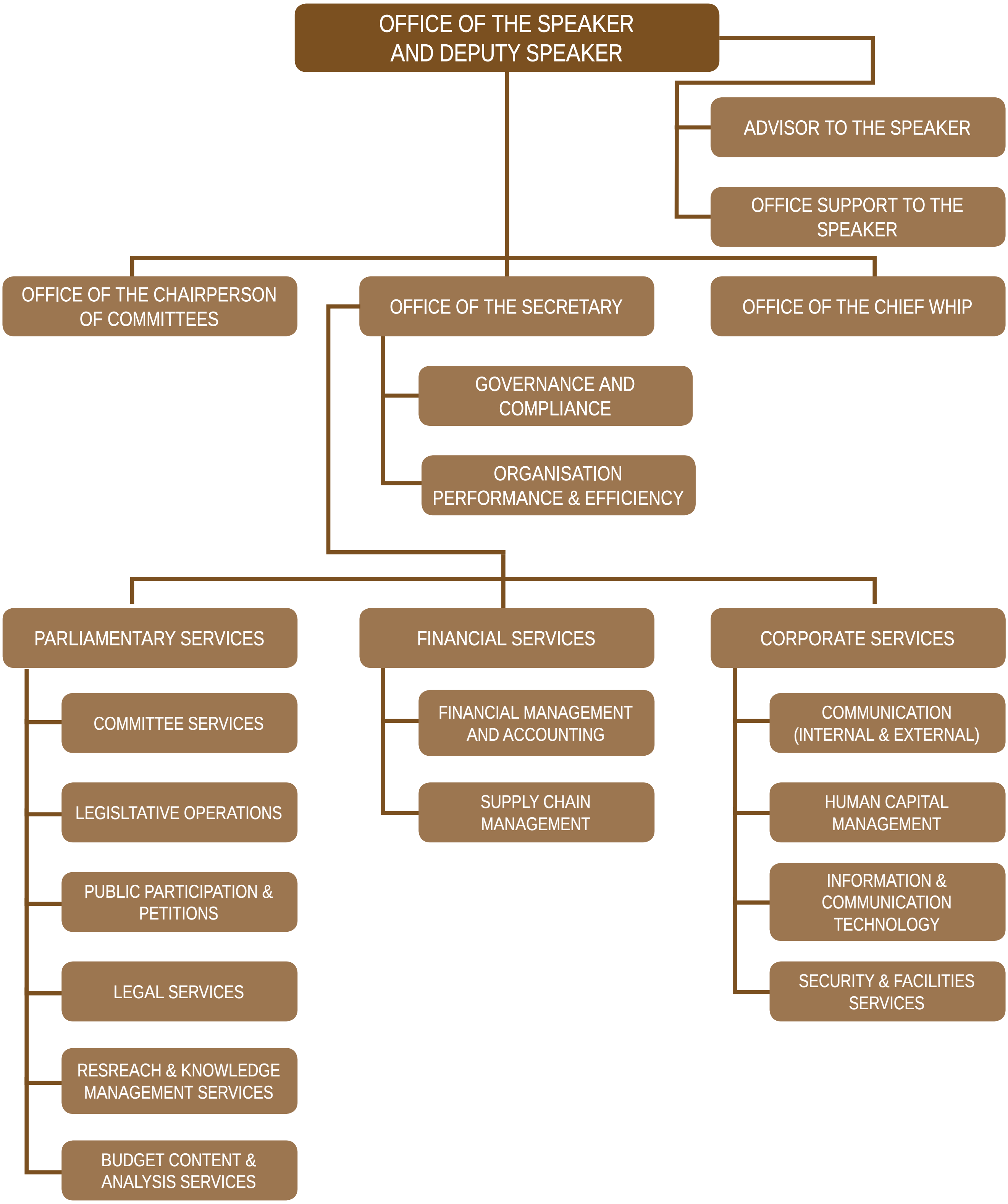
6. ORGANISATIONAL ARRANGEMENTS AND HUMAN RESOURCE MANAGEMENT

6.1 Restructuring and Job Evaluation

While during the 2020/21 financial year, the Legislature operated as per the 2018/19 organisational structure (see Fig 1 below), considerations of in-sourcing services ensued which may result in additional posts being created. Such considerations will be concluded in the 2021/22 financial and applicable post adjustments will be effected accordingly.

ORGANISATION AND ESTABLISHMENT KZN LEGISLATURE

FIGURE 1



As was reported in 2018/19, by their very nature, the Job Evaluation and Restructuring projects of this magnitude do result in some employees benefiting from job upgrades, others maintain job grade status quo while still others do suffer job down-grades. The Legislature did experience this and as such some employees were dissatisfied with either the process or outcomes. The job evaluation policy provides such employees with an opportunity to appeal and as such, a service provider was procured to process appeals. There were, however, still employees who were not satisfied by the outcomes of the appeals process and as such took their issues to the CCMA. The CCMA was unable to process and conclude on all of these cases, two are still outstanding and should hopefully be concluded during 2021/22.

6.2 Review and Implementation of Human Resource Policies

A number of Human Resource policies have been in a process of being reviewed however, the process was hampered by the intense consultations on proposed amendments to the Conditions of Service. The few clauses that were a bone of contention were finally cracked towards the close of the financial year. As was reported last year, this will open up for the approval of a host of other draft human resource policies.

7. LAW-MAKING

7.1 Finalisation of Regulations to FMPPLA

The process of finalizing FMPPLA Regulations remained on the agenda of the Legislative sector. It is also important to state that while the Legislature participates in this process, this is a process driven at a National Parliament level and a s such the Legislature will wait for leadership from that level through the National Speakers' Forum.

7.2 Laws and Bills

The Legislature remained committed to delivering on its mandate of law-making, and during the 2020/21 financial year a total of 6 bills were passed (see table 2 below). As already indicated above, 2020/21 was an election year and as such, Legislature programme was more focused on settling in new Members, leadership and planning processes. This meant there were few law-making activities. However, efforts were made to ensure that critical and urgent bills were given their dew attention and priority. Amongst the critical ones was the KZN Funding Represented Political Parties Act Repeal Bill, 2021. It was important that this bill be processed to ensure that the Legislature remained compliant to the Constitution in light of the amended national legislation on the funding of political parties.

Table 2

First Quarter	KZN Appropriation Bill 2020
Second Quarter	KZN Adjustment Bill 2020
Third Quarter	KZN Adjustments Appropriation Bill 2020
Fourth Quarter	1. KwaZulu-Natal Funding of Represented Political Parties Act Repeal Bill, 2021 2. KwaZulu-Natal 3rd Adjustments Appropriation Bill, 2021 3. KwaZulu-Natal 4th Adjustments Appropriation Bill, 2021

PART 2:

ANNUAL PERFORMANCE REPORT

PROGRAMME PERFORMANCE
ANNUAL INSTITUTIONAL PERFORMANCE REPORTS
(APRIL 2020 – MARCH 2021)

The services and performance targets in the 2020/21 Annual Performance Plan for the KwaZulu-Natal Legislature are organised and budgeted for under Programme 1 (Administration) and Programme 2 (Parliamentary Business). The actual performance against each indicator is contained in the table below.

EXECUTIVE SUMMARY

Year End Performance

1. At the end of the year, performance against a total of twenty one **(21**) APP targets stands at **71.43%.** The six (**6**) indicators responsible for the **28.57%** underachievement are the following:-
   (i) The **two** Public Participation indicators on Public/Civic Education (**see 1.7** in the table below) and the assessment report (**see 1.14** in the table below) on the said workshops. These targets were significantly affected by Covid-19 lockdown protocols. Going forward, a revised Public/civic education strategy structured to accommodate Covid-19 protocols through, amongst other innovative approaches, used of virtual platform has been rolled out.
   (ii) The untimely passing away of His Majesty, King Goodwill Zwelithini kaBhekuzulu Zulu in March 2021 respectively meant some Committee meetings and House Sittings had to be suspended to accommodate a Provincial Mourning Period. This meant that reports that were to be tabled before end of March 2021 could only be tabled in April 2021. With the amended Standing Rules that allow "tablings" to occur even when there is no House Sitting, this challenge has been fully addressed. The **four** performance indicators that were affected are as follows:-
      (a) Report on tracking of resolutions (see **1.9** in the table below)
      (b) Of the targeted 21 Committee AOPs, 19 were adopted in time with the remaining ones to be adopted in April 2021 (see **1.10** in the table below)
      (c) School Functionality report used to track the implementation of NDP/PGDP (see **1.11** in the table below)
      (d) The ripple effect of the late submission of the 2019/20 Departmental Annual Reports due to the impact of Covid-19 lockdown protocol meant SCOPA hearings could not be held as planned. SCOPA will complete its work and table its reports in the first quarter of 2021/22 (see **1.16** in the table below).
2. The employment of additional Researchers during the year under-review led to an overachievement in the production of oversight analysis reports on Departmental Quarter and Annual Reports (see **1.13** in the table below). Against a target of 55 analysis reports, the Legislature achieved 67 reports (an increase of **21.81%**). Going forward the target against this indicator will be amended to cater for the increased Research capacity. A second overachievement was on Finance reports wherein an additional report was produced to cater for the reprioritisation of Department's APPs and Budgets necessitated by the impact of Covid-19 pandemic (see 1.15 in the table below).

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Programme 1: Administration			
Strategic Objective: Good governance internal controls and integrity management			
Output (Measurable Objective) 1.1 Achieved clean audit by 2020/21	4		
Performance Indicator Quarterly reports on follow-up audits on management efforts towards achieving a clean audit			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Improved institutional performance management			
Output (Measurable Objective) 1.2 Improved Institutional performance, planning, monitoring, reporting and evaluation	5		
Performance Indicator			
Service Delivery Annual target – 5 Actual performance – 5			
Strategic Objective: Improved Institutional fiscal discipline and implementation of financial and supply chain prescripts**.**			
Output (Measurable Objective) 1.3 Improved management of the Legislature's budget and expenditure	4		
Performance Indicator Quarterly budget performance reports detailing implementation of 2020/21 budget as well as progress in the development of the 2021/22 budget in compliance with FMPLA and the clearing of applicable audit and risk issues.			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Improved institutional fiscal discipline and implementation of financial and supply chain prescripts			
Output (Measurable Objective) 1.4 An implemented Procurement Plan aligned to the Legislature's Budget	4		
Performance Indicator Quarterly reports on the implementation of the Procurement Plan in compliance with SCM prescripts as well as clearing of applicable audit and risk issues			
Service Delivery Annual – 4 Actual performance – 4			

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Improved corporate (Human capital, Communications, Security & Facilities) management services.			
Output (Measurable Objective) 1.5 Improved human resources management and development **Performance Indicator** Quarterly reports on the development and implementation of the HR plan in compliance with HR prescripts and clearing of applicable audit and risk issues **Service Delivery** Annual – 4 Actual performance – 4	4		
Strategic Objective: Enhanced legislature efficiencies through utilisation of digital platforms and provision of information and communication technology services.			
Output (Measurable Objective) 1.6 Improved ICT management, services and support **Performance Indicator** Quarterly reports on the digitisation of the Legislature in terms of the ICT plan and clearing of applicable audit and risk issues. **Service Delivery** Annual target – 4 Actual performance – 4	4		
Programme 2: Parliamentary Business			
Strategic Objective: Provide formidable and strategic partnerships with citizens, communities and civil society organization			
Output (Measurable Objective) 1.7 Increased level of awareness and knowledge of the Legislature and its core business **Performance Indicator** Number of public education campaigns/workshops **Service Delivery** Annual target – 40 Actual performance – 7	40	Underperformance against this indicator is because of the impact of the Covid-19 Lockdown protocols. The one achieved in this quarter served as a pilot reverse-billing virtual workshop.	A revised public education strategy has since been developed based on better utilisation of ICT tools especially as part of digitisation project as well as to cater for circumstances such as Covid-19 protocols. This target will in 2021/22 be restructured to align to the new civic/public education strategy.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.8 Enhanced oversight, law-making and accountability **Performance Indicator** Quarterly Reports on House sittings facilitated. **Service Delivery** Annual target – 4 Actual performance – 4	4		

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.9 Improved tracking of implementation of resolutions and answers to questions. **Performance Indicator** Quarterly progress reports on tracking the implementation of resolutions **Service Delivery** Annual target – 4 Actual performance – 0	4	While individual resolutions were tracked by respective Committees, the consolidated report for tabling and filing within 30 days after the quarter proved to be too short hence the underachievement. This was also affected by the Provincial Mourning period which was publicly declared in March 2021 in respect of the passing away of His Majesty King Goodwill Zwelithini Zulu wherein House Sittings had to be cancelled.	Going forward, the amended Standing Rules of the House will now allow "tablings" to be done even if there is no physical House Sitting. This means these reports won't wait for a sitting for their tabling but can be tabled as soon as the Chairperson of Committees approves them.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.10 Improved oversight over departmental and committee planning. **Performance Indicator** Number of approved Committee Annual Oversight Plans (AOPs) and Committee Annual Operational Plans (CAOPs) **Service Delivery** Annual – 21 Actual performance – 18	21	The adoption of the outstanding Committee AOPs was affected by the Provincial Mourning Period in March 2021 declared in lieu of the passing away of His Majesty, King Goodwill Zwelithini kaBhekuzulu Zulu. During this period Committees could not meet to complete the adoption of AOPs.	The outstanding AOPs will be adopted in April 2021.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.11 Improved oversight over the implementation of the NDP/PGDP by the provincial departments **Performance Indicator** Number of oversight reports on achievements in the implementation of NDP/PGDP prioritised targets tabled in the House. **Service Delivery** Annual target – 2 Actual performance – 1	2	The School Functionality programme was utilised as a vehicle of monitoring and reporting on NDP/PGDP implementation. While the report was prepared, the Education Committee was not able to adopt and table the report before year-end. The tabling of the report was affected by the Provincial Mourning Period that was declared by the Premier in respect of the passing away of His Majesty, King Goodwill Zwelithini kaBhekuzulu. This forced a need to postpone some Committee meetings and House Sittings in the month of March 2021.	The outstanding report has been set for tabling in the House in April 2021. Furthermore, the Standing Rules have been amended to allow for tabling to happen even when there are no House Sittings.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.12 Improved input by the committees into the departmental APPs and budgets	4		

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Performance Indicator Number of analysis reports on the consideration of 2021/22 draft APPs and budgets tabled at Committee meetings			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.13 Improved oversight over the departments' performance against their APPs and Budgets	55	This indicator is driven by the number of Researchers and Budget Analysts servicing the Committees of the House. The Legislature employed additional Researchers to cater for Committees that had no dedicated Research capacity. This accounts for the reported overachievement.	Going forward, this target will be adjusted to cater for the additional capacity.
Performance Indicator Number of analysis reports on Quarterly and Annual Reports.			
Service Delivery Annual target – 55 Actual performance – 67			
Strategic Objective: Provide formidable and strategic partnerships with citizens, communities, and civil society organisations			
Output (Measurable Objective) 1.14 Improved Stakeholder involvement/engagements in legislature business	4	This is one of the targets that were significantly affected by the Covid-19 pandemic and its related Lockdown protocols. It is an indicator that was meant to assess public/civic education workshops to enhance the participation of the public/ communities in House and Committee meetings. Having underperformed in public education (see indicator 1.7 above), performance against this indicator was hampered. The challenges due to Covid-19 pandemic led to a revised public /civic education strategy.	Going forward and based on the revised public participation strategy, a tool to assist in assessing/ evaluating public participation programmes are being developed to improve performance on this indicator.
Performance Indicator Quarterly outcomes-based reports on stakeholder involvement in Legislature business (Committee and House).			
Service Delivery Annual target – 4 Actual performance – 0			
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.15 Improved oversight over financial management and performance of departments and public entities	2	The overachievement against the annual target was because of additional hearings to accommodate the impact of Covid-19 wherein Departments had to reprioritize 2020/21 Budgets and APP targets.	
Performance Indicator Number of reports on Finance Committee hearings conducted.			
Service Delivery Annual target – 2 Actual performance – 3			

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Provide an efficiency and research – driven oversight			
Output (Measurable Objective) 1.16 Improved oversight over financial management and performance of departments and public entities **Performance Indicator** Number of reports on Scopa hearings conducted. **Service Delivery** Annual target – 2 Actual performance – 0	2	Achievement on this indicator is triggered by Departments' tabling of their Annual Reports containing AGs' reports. Due to Covid-19 Lockdown protocols, Departments were not able to table annual reports in August 2020 as usual and an extension was granted in this regard. Under normal circumstances SCOPA processes the AG's reports in October/November annually. SCOPA's report would have been tabled in the House during November/December 2020. As already stated, the Departments' late tabling of 2019/20 Annual Reports led to SCOPA's failure to hold its planned hearings and as such, unable to table the planned reports.	The missed SCOPA targets will be reported on in the 1st quarter of 2021/22. This will include the report on Covid-19 PPE hearings that were conducted in the Fourth Quarter.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.17 Enhanced oversight through focused intervention studies and oversight visits **Performance Indicator** Number of reports on the implementation of recommendation of FIS reports **Service Delivery** Annual target – 2 Actual performance – 2	2		
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 1.18 Enhanced oversight through focused intervention studies and oversight visits **Performance Indicator** Number of quarterly reports on oversight visits conducted **Service Delivery** Annual target – 4 Actual performance – 4	4		
Strategic Objective: Provide an efficiency and research – driven oversight			
Output (Measurable Objective) 1.19 Empowerment of committees to perform oversight	4		

Strategic Objective/Output (Measurable Objective)/ Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Performance Indicator Number of quarterly reports on study tours			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Provide an impact based and consultative law-making process			
Output (Measurable Objective) 1.20 Improved processing of Legislation before committees	4		
Performance Indicator Number of reports on Bills processed			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Provide formidable and strategic partnerships with citizens, communities, and civil society organisations			
Output (Measurable Objective) 1.21 Enhanced Legislature visibility (in communities) through Constituency Offices	2		
Performance Indicator Bi-annual reports on the implementation of the initiatives aimed at enhancing public interaction with the Legislature through Constituency offices.			
Service Delivery Annual target – 2 Actual performance – 2			

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N Khumalo

Senior Manager: Org. Performance & Efficiency

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Ms N Naidoo

Legislature Secretary

PART 3:

ACCOUNTING OFFICERS REPORT

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. FINANCIAL MANAGEMENT FRAMEWORK

In recent years, there was ongoing uncertainty regarding the issue of separate legislation for the financial management of provincial legislatures. After the 2014 elections, Parliament completed its processes of ensuring that all legislatures were subject to the national financial management regime.

As indicated above, after the 2014 elections, Parliament passed the Financial Management of Parliament Amendment Bill, which was signed into law by the President as the Financial Management of Parliament Amendment Act (No 34 of 2014). Section 24 of the Act states that this Act is called the Financial Management of Parliament and Provincial Legislatures Act, 2014.

The Speaker of the National Assembly and the Chairperson of the National Council of Provinces, after consultation with the Speakers of Provincial Legislatures, collectively recommended to the President the fixed date for operation as 1 April 2015. The President signed a proclamation and determined the recommended date as the effective date on which the Act would come into operation.

An implementation plan has already been developed and progress in this regard is regularly reported to the Speaker as Executive Authority.

1.1 Budgeting Process

The MTEF budget was prepared to ensure effective implementation of the priorities as contained in the 2020-2025 Strategic Plan and 2020/21 Annual Performance Plan (APP) of the KZN Legislature. The guideline document issued by the Provincial Treasury was used to facilitate the preparation of the MTEF budget submission. In addition, responsibility managers set priorities in terms of their respective Operational and Procurement plans, which are, in turn, costed to develop budget requests for the year under review. Therefore, budget requests and inputs from various units were used to inform the overall budget for the KZN Legislature.

The budget inputs were interrogated and evaluated by the Finance and the Planning units to ensure alignment with the APP. Furthermore, funding constraints and their effects on allocations were considered through the budget reprioritisation process with a view to fund part of the initiatives from within the baseline budget.

1.2 Budget Allocation

The final budget for KwaZulu-Natal Legislature for 2020/21 was R692m, made up as follows:

- Main appropriation of the Legislature was R653m in 2020/21, including the statutory Members' remuneration (direct charge) of R96.7m;
- During the 2020/21 mid-year budget adjustment the following amounts were re-appropriated to the legislature increasing the main appropriation from R653m to R692m an increase of R39m.
    - R36.8m savings carried over from the 2019/20 financial year.
    - R2.2m Own revenue over-collection from 2019/20 financial year

Table 1: Summary of Expenditure Analysis by Programme (prepared on a cash basis)

Description (R'000)	Budget	Actual	Available	% Spent
Administration	293 927	211 975	81 952	72%
Parliamentary Business	301 479	288 242	13 327	97%
Members Remuneration (Direct Charge)	96 705	87 381	9 324	90%
Total	692 111	587 598	104 513	85%

Table 2: Summary of Expenditure Analysis by Economic Classification (prepared on a cash basis)

Description (R'000)	Budget	Actual	Available	% Spent
Members Remuneration	96 705	87 381	9 324	90%
Compensation of Employees	278 093	263 664	14 429	95%
Goods and Services	186 482	117 271	69 211	63%
Transfer and subsidies	115 446	114 566	880	99%
Payments for Capital Assets	15 385	4 716	10 669	31%
Total	692 111	587 598	104 513	85%

1.3 Expenditure Analysis

In exercising its constitutional obligations, the KZN Legislature spent a total of R588 million or 85% of its final budget in the financial year under review. The major cost drivers for goods and services were as follows:

- Public participation programmes and taking Legislature to the People, which cover wide and remote rural areas of the KwaZulu-Natal province;
- Standing and Portfolio Committee meetings and related costs; and
- Operational costs such as IT services, maintenance and repairs, rent and municipal services, security services and cleaning services.

1.4 Expenditure vs Final Appropriation

The Legislature 2020/21 Annual Financial Statements (AFS) were reported on an accrual basis in line with the Financial Management of Parliament and Legislatures Act, 2009 (Act No. 10 of 2009). In the above tables, the year-end position is reflected on a cash basis. Accordingly, Tables 1 and 2 above reflect a comparison of the actual expenditure against the final budget with an under-expenditure of R104.5m equating to 15% of the total allocated budget.

Spending in respect of economic classification is summarised as follows:

(i) Compensation of employees was underspent by R14.4m, with spending at 95%. The underspending was mainly due to vacant posts and posts that were filled later than expected.

(ii) Goods and services were underspent by R69m, with spending at 63% against final appropriation mainly due to COVID-19 lockdown restrictions, planned activities were done virtually, resulting in savings on travel, catering and venue hire related costs, coupled with delays in the commencement of planned infrastructural and other projects caused by lockdown restrictions.

(iii) Members' remuneration was underspent by R9.3m, with spending at 90%. The spending was lower due to the budget catering for an inflationary adjustment on members salaries, whereas the actual salaries have remained the same from previous year.

(iv) Transfers and subsidies expenditure was underspent by R1m, with spending at 99% against final appropriation, due to mid-year adjustment additional allocation being higher than required.

(v) Payments for capital assets was underspent by R10.7m, with spending at 31% mainly due to lockdown restrictions that delayed procurement processes, required vehicles not being available in the current transversal contract that expired on 31 March 2021 and delays in the advertising of the tenders, occasioned by government tender bulletin not being functional in the last quarter, noting that additional allocation was made during mid-year adjustments and expenditure was planned for the last quarter.

1.5 Political Parties Funding

Section 236 of the Constitution promotes multiparty democracy and funding of political parties participating in provincial legislatures on an equitable and proportional basis.

The KZN Legislature holds onto the belief that an election is only fair if the electorate can make an informed choice. Hence, the need for public funding of political parties is an essential component of deepening our democracy.

It is envisaged that enhanced party funding in the Provincial Legislature will help to deepen democracy. This will also help counter any tendencies of distancing political leaders from the electorate and entrench a people-centred democracy. Political parties are vital public institutions to enhance citizens' participation in their own governance and in democracy.

A total amount of R114.2m was transferred to political parties. Details of transfers to parties as at the end of the year are reflected in Table 3 below:

Table 3: Party Funding from the Legislature

Allowance (R'000)	ANC	IFP	DA	EFF	NFP	MF	ACDP	ATM	Total
PPF	18 600	6 200	5 400	4 200	1 400	1 400	1 400	1 400	40 000
Secretarial	6 695	3 038	2 018	2 018	1 364	1 364	1 364	1 364	19 225
Constituency	30 255	8 939	7 564	5 501	688	688	688	688	55 011
Total	55 550	18 177	14 982	11 719	3 452	3 452	3 452	3 452	114 236

The spending relating to political parties' fund is carefully regulated and closely monitored. The financial effect of this distribution is reflected in the AFS of the fund. In instances where any party does not comply with the provisions of the Legislature Political Party Fund Act, funds are withheld accordingly.

Following the determination by the President of the Republic, that the Political Party Funding Act of 2018 will commence on 01 April 2021, the KZN Legislature repealed the KwaZulu-Natal Funding of Represented Political Parties Act of 2008. Further details are provided in the AFS of the Fund.

1.6 Covid-19 Expenditure

As at year-end the Legislature spent R4.5m towards procurement of personal protective equipment for Speaker's outreach programme, Staff and Members of the Legislature.

1.7 Enhanced Financial Management

The planning and budget units continued to meet with the responsibility managers and provides guidance on business planning and budget implementation. Responsibility managers were also regularly provided with expenditure reports showing budget and payments made to date. The expenditure projections are updated monthly and reasons for any deviations are provided together with remedial actions. Budget analysts meet with responsibility managers on a regular basis to discuss the spending trends of the respective business units. This process allowed managers to identify gaps timeously and institute the necessary plans to achieve the identified objectives.

Good financial reporting practices were also applied throughout. A report on actual expenditure and projections was submitted to the Executive Authority and Provincial Treasury within fifteen days after the end of each month. These reports were also tabled at the Oversight structures (e.g. Stacov and Arco).

2. SUPPLY CHAIN MANAGEMENT PRACTICES

Since the promulgation of Supply Chain Management regulations applicable to the Legislative Sector, the KZN Legislature has been reviewing its SCM policies to ensure alignment and coherence in supply chain management practices in keeping with the ethos of the regulations.

The KZN Legislature remains committed to the broader achievement of socio-economic goals. Preferential procurement and the promotion of B-BBEE was therefore pursued through the continued application of the preferential points applied in the procurement of goods and services as per applicable Preferential Procurement Regulations.

2.2 Asset Management

The KZN Legislature put together an Asset Management Turnaround Strategy aimed at improving the audit outcomes as they relate to assets. The plan was also aimed at ensuring GRAP compliance and included, but not limited to, ensuring that all assets within the Legislature are physically verified through asset count exercises and the clearing of any disposal backlogs that could have accumulated. The outcome of physical count is reconciled to accounting records to ensure completeness and accuracy. The review of useful lives and valuation of assets is done to ensure compliance with the relevant standards.

The asset management policy is also revised regularly, and continued efforts remain in place to strengthen the overall control environment and management of assets. Monitoring of compliance is an ongoing process in this regard.

3. CONSTRAINTS

While the restructuring project assisted with providing additional internal capacity to manage and help improve SAP efficiencies, discussions are still underway on improving provision of ERP for the institution. As part of the Legislature's digitalization agenda, the provision of ERP through SAP remains in the centre of ICT initiatives.

4. GOOD GOVERNANCE

The KZN Legislature is committed to entrenching the highest levels of good governance and continues to make significant progress in implementing structures, policies and procedures aimed at strengthening good governance. The KZN Legislature strives to adhere rigorously to the principles of good governance and in the year under review, a significant improvement in its audit outcome was realised.

4.1 Standing Committee on Oversight (Stacov)

Regardless of the Covid-19 pandemic, the Stacov did its best to ensure oversight over the Legislature during this difficult time. Through Stacov, the philosophy of ethical leadership continues to provide a strong foundation for values, which are central to the way business of the Legislature is conducted. The table below indicates the number of times Stacov met to review the Legislature's pursuit of its financial and non-financial performance objectives.

Table 4: Number of Meetings held by Stacov

1st Quarter (Apr-Jun 2020)	2nd Quarter (Jul – Sep 2020)	3rd Quarter (Oct – Dec 2020)	4th Quarter (Jan – Mar 2021)
24 April	24 July	18 November	24 March
30 April	4 September	25 November	
26 May			

4.2 Audit and Risk Committee

The Audit and Risk Committee (ARCO) continued to operate in terms of its charter, to ensure transparency and consistency in the appointment, membership and roles and responsibilities of all Audit Committee members. In the year under review, three contracts of the members expired, including the Chairperson were quickly replaced to ensure continuity. The new faced ARCO continued to review the effectiveness of internal control systems, the effectiveness of the internal audit function and the risk areas of operations of the Legislature. ARCO did its best to ensure adequacy, reliability and accuracy of financial and non-financial information produced by the Legislature in its bid to enhance accountability based on issues identified by internal and external audits.

The committee is independent, reports to the Accounting Officer and is accountable to the Executive Authority. Both internal and external auditors have unrestricted access to the committee, which ensures that their independence is in no way impaired. Members of the Executive Committee (ExCo) of the Legislature do attend ARCO meetings to support the Secretary of the Legislature in her capacity as the Accounting Officer. In turn, ARCO provides valuable support to the Office of the Secretary in relation to financial management and accountability. The ARCO advises the KZN Legislature on risk management and independently monitors the effectiveness of the system of risk management.

The Legislature has a Risk Management Committee whose mandate is to oversee and co-ordinate the risk management process of the KZN Legislature. The Committee consists of heads of divisions who are responsible for the identification, assessment and management of risks. The committee ensures that the Risk Management Plan is widely disseminated throughout the Legislature and integrated as part of its day-to-day activities. The Risk Management Committee continuously advises management and staff on the overall system of risk management, especially the mitigation of unacceptable levels of risk and the progress made in reducing risks to the accepted tolerance level.

Continued integration of risk management into key decision-making processes was pursued through explicit inclusion of risk management principles into strategic and business planning processes. All business plans have risks explicitly articulated as part of the plans documented in the strategic and operational risk registers. The KZN Legislature further recognises risk management as part of responsible management and has, therefore, adopted a comprehensive approach to the management of risks. The features of this process are outlined in the Risk Management Framework, which further provides a framework for governing and managing the affairs of the KZN Legislature to identify, manage, control, reduce or eliminate business, financial and operational risks that may adversely affect performance. Risk management was consolidated and amplified throughout the various programmes and levels via the combined assurance plan, which also took into account the work of Internal and External Audit. All risks identified in operations were captured on the specific operational risk registers for each division. The risk register was updated in line with the outcome of the high-level risks based on strategic priorities, which informed the development of the annual internal audit plan.

4.3 Internal Audit

The out-sourced internal audit function of the KZN Legislature is made up of an in-house Chief Audit Executive (CAE) and an outsourced firm (Ernst & Young) who have continued to operate in line with the approved terms of reference and associated service level agreement. Internal audits are performed on critical risk areas as reflected in the approved internal audit three-year rolling plan and annual plan to determine the adequacy of the system of internal control within the organisation. The results of internal audit reviews are regularly reported to management, the Risk Management Committee and the Audit and Risk Committee. Follow-ups were also made on the implementation of IA and AG findings by management. The year 2020/21 has seen a marked improvement in this regard. The internal audit function provided objective and independent assurance to management and the Audit and Risk Committee on the adequacy and effectiveness of internal controls, risk management and governance processes.

4.4 Fraud Prevention Plan

The KZN Legislature acknowledges that fraud prevention is imperative for the responsible management of public funds to ensure effective protection of public interest and maintenance of public trust. A Fraud Prevention Plan is in place and is aligned to the risk management strategy. A number of fraud prevention activities get carried out during the year. As part of the fraud prevention activities, the whistleblowing hotline introduced in 2014 continues to remain a key part of the plan. All matters reported are investigated by the CAE and a forensic service provider and results of investigations are reported to ARCO and the Accounting Authority.

Matters relating to fraud prevention were considered as part of the standing item at Risk Management Committee meetings. The coordination of financial disclosure has gained momentum each year and key management personnel are actively responding to their legal and ethical obligations of disclosing interests.

All the staff of the KZN Legislature submitted their financial disclosure forms as KZN Legislature officials are required to disclose their interest in any contract as part of the Legislature's transparent procurement bidding processes.

5. PERFORMANCE INFORMATION

To ensure effective management of performance information, the current procedure manual on reporting performance information clearly states and elaborates on the following:

i. Reporting templates/formats;

ii. Reporting dates/times;

iii. Roles of each line function/division manager;

iv. The coordination and checking responsibilities of branch heads;

v. The facilitation and collation of planning and performance information functions of the Organisational Performance Unit;

vi. The discussion of the quarterly reports at Executive Committee (ExCo) meetings, and

vii. The approval of reports by the Secretary and submission of such to the Office of the Speaker.

To ensure that performance reporting is based on targets stated in the Legislature's APP, Unit Operational Plans (uAOPs) are developed at unit level while Committee AOPs are developed at Committee level with the support of Committee Cluster Managers. Monthly reports are submitted to the Organisational Performance Unit in terms of the applicable prescripts.

6. POLICY DECISIONS AND STRATEGIC ISSUES

The advent of Covid-19 pandemic continues to push the Legislature to move even faster in the direction of its digitalization agenda. Virtual Committee meetings and House Sittings are fast becoming a new normal and as such, operations of the Legislature are being forced to adapt. The ICT, Communications and Public Participation strategies have come into the center stage and as such reprioritization in this area remains on the cards. The House Rules continued to be adapted and reviewed to accommodate virtual and hybrid meetings. Linked to this is the work from home concepts that are also being experimented on, in fact, a draft policy of remote working was developed at is set to be adopted in the 2021/22. A number of institutional policies are therefore set for reviewal in the face of digital platforms being embraced.

Some of the policy decisions and strategic issues that the Institution had to attend to in the year under review included the following:

6.1 Procurement of Office Accommodation for the Legislature

The need to build a new precinct for the Legislature has been on the cards since the fourth-term of the Legislature. The project has been on abeyance due to financial constraints. In his 2019 State of the Province Address, the Hon Premier, announced that plans were afoot for the building of a Government Complex and a priority placed on the Legislature precinct. During the year under review, the MEC for Public Works continued to engage with the Legislature and Treasury in pursuit of an amicable implementation approach and funding for this dream to come true. This is a long term project whose progress will be annually reported on accordingly.

6.2 Performance Management and Development System (PMDs)

During 2019/20, the Performance Management and Development System (PMDS) policy was approved as part of preparing for the final roll-out for all employees of the Legislature in 2020/21. While the new policy and performance agreement template was developed and workshops conducted for all employees, the incentives matter has remained unresolved. This left the policy being implemented only at management level.

6.3 Public involvement Sector Parliaments

Sector Parliaments

As an activist Legislature, public participation and involvement remained a pivotal instrument of maintaining principles of democracy in the Province. As a means of engaging with the Legislature and the Provincial Executive, sector parliaments and a symposium were maintained to provide debate forums for the:

i. Taking Legislature to the People

ii. Youth

iii. Women

iv. People with disabilities

v. Senior citizens

vi. Stakeholder engagement (Participants were drawn from secondary schools across the Province).

The Sector Parliaments Programme has provided for representative structures to convene pseudo parliamentary sessions, where representatives assume roles of parliamentarians to raise real issues of concern in particular sectors of the community. In a bid to improve these, a change has since been introduced in an effort to strengthen participation by Members of the Executive Council by inviting them to attend commissions structured to mirror the five clusters of the Executive Council. The commissions receive briefings on government programmes by MECs or departmental officials, allowing delegates to ask questions and/or make inputs on government programmes as delegates gain a better understanding of these programmes.

Commissions come up with resolutions, which are consolidated, tabled and adopted at plenary. Reports of all sector parliaments are adopted by relevant committees and tabled in the House for debate. The House adopts the resolutions and refers them to relevant committees for tracking as part of their normal oversight role. On dates when the reports are debated, representatives from the sector are invited to attend the sitting to listen and witness their matters being debated.

The Quality of Life Standing Committee and the Public Participation Standing Committees receive reports from appropriate committees on responses to the resolutions from government departments. This new approach has further enriched these public participation initiatives.

Table 5 indicates where and when symposia, sector parliaments, Taking Legislature to the People and the Official Opening of the Legislature were held.

Table 5

Event		Venue	Dates
Inter-Faith Symposium		Not held	
Workers' Parliament		Virtual Parliament	May 2020
Youth Parliament		Umshwathi	June 2020
Women's Parliament		Virtual Parliament	August 2020
Senior Citizens' Parliament		uThukela	October 2020
Taking Legislature to the People (TLtP)		eThekwini	November 2020
People with Disabilities' Parliament		uMzinyathi	December 2020
Official Opening of the Legislature	Opening of Legislature	uMgungundlovu	March 2021
	State of the Province Address		March 2021

Public Involvement and Consultation

In terms of Section 118 of the Constitution of the Republic of South Africa, Act No. 108 of 1996 as amended, public consultations/hearings were conducted as part of the process of processing of bills by the Legislature. Table 6 below indicates bills that were processed in 2020/21.

Table 6

First Quarter	KZN Appropriation Bill 2020
Second Quarter	KZN Adjustment Bill 2020
Third Quarter	KZN Adjustments Appropriation Bill 2020
Fourth Quarter	1. KwaZulu-Natal Funding of Represented Political Parties Act Repeal Bill, 2021 2. KwaZulu-Natal 3rd Adjustments Appropriation Bill, 2021 3. KwaZulu-Natal 4th Adjustments Appropriation Bill, 2021

Taking Legislature to the People (TLtP)

The Legislature successfully held one TLtP, that was held in Ethekwini in November 2020. This Programme used as a means of monitoring the implementation of NDP/PGDP and was further tweaked to save costs and improve effectiveness. The revised approach to the TLtP is now focussed on providing feedback to communities on issues raised during earlier TLtP sittings and the multiparty visits. The amended approach follows the following process:

i. Develop a project plan five months before the feedback session;

ii. Approach the Legislature Speaker's Office to arrange a political leadership meeting between the Speaker and identified district's political leadership to secure buy-in for the programme;

iii. Planning Team to start addressing logistical arrangements four months before the feedback session;

iv. Research team to analyse multiparty delegation reports to identify issues to follow up three months before the feedback session;

v. Based on the reports, the Research Team to do preliminary visits to check on the identified projects two months before the feedback session;

vi. Community Readiness and Awareness Workshop, whose sole purpose is to sensitise and educate community leaders about the impending Legislature programme, to be held two-to-three months before the feedback session.

vii. Instead of multiparty visits, oversight teams comprising six MPLs each to be organised. The number of teams is equal to the number of local municipalities under the district to be visited. Oversight visits are conducted where the teams visit projects and areas identified by the researchers. A Chairperson will lead each team and all oversight visits will take place on the same day across the district. Oversight visits will take place 1-2 months before the feedback session.

viii. Each team will then compile a report that the chairpersons/leaders of oversight teams will send to the Executive and municipalities one month before the feedback session for them to start preparing responses and progress reports to be tabled at the feedback session.

ix. A month after the reports have been sent to the Executive and municipalities, only a single day will be earmarked for the TLtP feedback session.

The feedback session no longer takes the form of a sitting; it now has the following programme:

i. Each oversight team leader will table the report;

ii. The Executive and municipalities will be given a chance to respond; and

iii. Lastly, the public will be given a chance to further interrogate, until all locals are covered.

The above approach will be followed to ensure that citizens get feedback and are given an opportunity to talk about tangible results on issues raised with the Legislature.

Speaker's Social Responsibility Programme (SSR)

The Speaker's Social Responsibility Programme continues to make interventions in communities, especially in schools, farms and community-based formations. Due to the Covid-19 pandemic, the programme focuses on educating communities about the pandemic, as well as emphasising the importance of respecting lockdown regulations. In all these "awareness" programmes, PPE were distributed. These included pocket-size hand sanitisers, reusable masks and bars of soap. The programme also performed as follows:

(i) Under the 2020 Winter School Visits Project, the programme donated school shoes, jerseys and laptops for school computer laboratories and school management to six schools in uThukela, Ugu and Harry Gwala Districts. Reusable masks, pocket-size hand sanitisers and sanitary towels to learners were also donated.

(ii) During Worker's Month, an outreach programme was held to target vulnerable workers (farm workers) in the agricultural sector and retail shop workers in the Harry Gwala and ILembe Districts. This programme was conducted in partnership with union federations which included Cosatu, Fedusa and Nactu. Some 5 000 farm, factory and retail shop workers participated and a total of eight farms were visited in the process.

(iii) For Youth Month, the programme targeted young females for PPE and sanitary towels in eight wards in the Harry Gwala local municipalities.

(iv) During Women's Month, the programme distributed PPE and sanitary towels to unemployed and retrenched women in Ugu District local municipalities. Still in Ugu, the programme visited a Thuthuzela Centre to donate 250 dignity packs. Lastly, visits were paid to the families of the young girls who had been killed and dumped in the sugarcane fields of uMzumbe Local Municipality. Food parcels and uniforms were also donated to school-going children. The programme further distributed PPE at four taxi ranks.

(v) As part of the Senior Citizens' Month, the Office of the Speaker, through this programme, visited uThukela District Municipality to distribute PPE, Covid-19 educational pamphlets, walking sticks and fruit baskets for the elderly. It also provided health screening. Furthermore, St Antonine's Home for the Aged was visited and food parcels, wheelchairs, walking sticks and fruit baskets were donated.

(vi) In partnership with eThekwini Parks, this programme organised a massive Beach Clean-Up Campaign which took place at Durban's Blue Lagoon during the last day of the TLTP initiative, namely 4 November 2020. This initiative was aimed at preparing eThekwini to welcome an influx of visitors for the year-end festive season, as well as to educate the public on marine life.

(vii) During Disability Month, the programme continued to donated PPE, as well as four special laptops for the visually impaired and blind persons.

Going forward into 2021/22, the Speaker's Social Responsibility Programme plans to reach out to a number of schools in uMkhanyakude, Zululand, uMgungundlovu, eThekwini, Ugu and Harry Gwala to donate school uniforms, jerseys and shoes, as well as laptops for computer labs.

Focus will also be placed on frontline workers who continue to tirelessly put up a brave fight in the face of the threat of Covid-19. Another massive clean-up campaign is on the cards, and this will include visits to victims of GBV, visits to facilities and homes that care for our ailing senior citizens, children and people with disabilities.

7. SERVICES RENDERED BY THE LEGISLATURE

7.1 Deliverables

The services rendered by the Legislature are reported and shown in Part 2 of this report, which deals with performance information. It is important to state, however, that the Legislature does not render services directly to the public. The core functions of this Institution are to:

- Consider, pass, amend or reject legislation referred to the Provincial Legislature;
- Maintain oversight over the Provincial Executive Authority, including the implementation of legislation; and
- Involve the public in the legislative processes at the Legislature.

7.2 Tariff Policy

Te Legislature renders services based on its constitutional mandate and as such does not have a tariff policy.

7.3 Free Services

The nature of services rendered by the Legislature may not be sold nor attract a fee.

8. TRADING AND PUBLIC ENTITIES

Although the Legislature has a Fund called the PPF, it has not as yet been classified as either a trading entity or public entity. It is, however, important to state that this Fund has since been abolished to comply with the amended national legislation on party funding. This means 2020/21 was the last year of the existence of this fund.

9. APPLICATION OF GRAP

The AFS have been prepared in accordance with the effective standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board. The AFS have, therefore, been prepared on an accrual basis, which necessitated adoption of accounting policies consistent with GRAP. Introduction of new standards, where applicable, have been stated in the notes to the AFS. The accounting policies for the year under review are consistent to the previous financial year.

10. EVENTS AFTER THE REPORTING DATE

There are no post-reporting date events that have a significant impact on the AFS, as reported.

11. OTHER

There were no other factors or circumstances that may have an effect on the KZN Legislature's financial state of affairs.

12. DONOR FUNDING

Not applicable

13. APPROVAL

The AFS set out in Part 7 on pages 64 to 94 and the Annual Performance Report in Part 2 on pages 22 to 28 of this annual report were approved by the Accounting Officer

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MS NERUSHA NAIDOO

ACCOUNTING OFFICER: KWAZULU-NATAL LEGISLATURE

PART 4:

REPORT OF THE AUDIT AND RISK COMMITTEE

REPORT OF THE AUDIT AND RISK COMMITTEE
For the year ended 31 March 2021

REPORT OF THE AUDIT AND RISK COMMITTEE TO THE EXECUTIVE AUTHORITY AND ACCOUNTING OFFICER OF THE LEGISLATURE OF KWAZULU-NATAL

We are pleased to present our Audit and Risk Committee (ARC) report for the financial year ended 31 March 2021.

OBJECTIVE

The audit and risk committee serves as an independent body to assist the Accounting Officer with its responsibility for safeguarding assets, maintaining effective and efficient internal controls, risk management, reviewing the financial information and overseeing the preparation of the financial statements amongst other tasks.

ATTENDANCE AND MEMBERSHIP

The Audit and Risk Committee consisted of the members listed below. All members are independent and non-executive. In the 2020/21 financial year the Committee held four (4) meetings in line with the Audit and Risk Committee Charter. The table below shows members and attendance:

NAMES	Total Meetings Held	Number of meeting attended
Mr. S Hlophe – Chairperson	4	2
Mrs. A Badimo	4	2
Ms. P Ngubane	4	2
**Mrs N Qunta	4	4
*Mr. L Quayle- Chairperson	4	2
*Mr. T Zororo	4	2
*Mrs. S Keshav	4	2

** These members contracts with the Legislature ended in July 2020 after serving the maximum term of six years.*

***This member continued her membership from the old to new ARC*

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee is pleased to report that it has complied with its responsibilities arising from section 48 (1)(c) of the FMPPLA. The ARC also reports that it has adopted appropriate formal terms of reference as its Charter and has managed and regulated its affairs in compliance with this charter.

In the conduct of its duties and as mandated in compliance with section 48 (1) (c) the committee hereby reports as follows:

REVIEW OF FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Audit and Risk Committee has reviewed the Annual Financial Statements and annual performance report before submission to the Auditor General on 31 May 2021 and made recommendations. The Committee further reviewed the audited Annual Financial Statements for inclusion in the Annual Report.

We are pleased with the clean audit outcome and commend management on the strengthening of the internal control environment.

The Audit and Risk Committee concurs with and accepts the conclusion of the Auditor-General on the Annual Financial Statements.

During the course of the financial year, the committee reviewed and assessed the adequacy, reliability and integrity of management's reports, including operational and financial information, through quarterly presentation on its meetings.

THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent as per King IV recommendations. The Committee observes this through various reports from internal audit and Auditor General.

Internal Audit:

The objective of the internal audit function of the Legislature is to provide management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the KZN Legislature (KZNL). It assists KZNL to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The key activities of internal audit function are to evaluate whether the Legislatures system of governance, risk management and internal control, as designed by management, is adequate and functioning in a manner that ensures, amongst others, that:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operational information is accurate, reliable, and timely.
- Employee's actions are consistent with policies, standards, procedures, and applicable laws and regulations.
- Significant legislative or regulatory issues impacting the Legislature are recognized and addressed appropriately.

The Audit and Risk Committee approved the internal audit strategic, operational, and annual coverage plans at the beginning of the 2020/2021 financial year. The Internal Audit Annual Coverage Plan was comprehensively implemented and consulting work emanating from top management and audit committee resolutions was also completed.

The Audit and Risk Committee is satisfied with the work of internal audit.

RISK MANAGEMENT

During the year, the Audit and Risk Committee provided assurance regarding the development and review of Enterprise Risk Management (ERM) Policies, Strategies and Plans. The Committee also reviewed the Strategic Risk register and monitored the implementation of risk mitigation plans on a quarterly basis. Risk Management is a standing agenda item in all Audit Committee meetings, and this also cover the review of the Ethics and Anti-Fraud and Anti-Corruption matters.

ICT GOVERNANCE

Information and communication technology (ICT) governance remains a key focus for the Legislature as part of its digitalisation drive and the Committee is responsible for ICT governance.

The Senior Manager ICT is responsible for executing on ICT governance. The Committee reviews his report, which includes the results of all reviews and testing conducted by management and internal audit, at each meeting.

Cyber security has now become a key component of ICT governance and forms part of the Legislatures ICT governance and risk agenda.

CONCLUSION

The Audit and Risk Committee remains committed in supporting the Accounting Officer and Management in pursuit of its mandate and in maintaining clean administration. The Audit and Risk Committee expresses its sincere appreciation to the Honorable Speaker, the Secretary, Management, Internal Audit, and the AGSA for their co-operation in enabling the Committee to fulfill its responsibilities.

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Silas Hlophe
Chairperson of the Audit and Risk Committee
KZN LEGISLATURE
Date: 26 August 2021

PART 5:

REPORT OF THE AUDITOR-GENERAL

Auditor-General of South Africa

KwaZulu-Natal Legislature

Audit Report for the year ended 31 March 2021

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Legislature set out on pages 64 to 94, which comprise the statement of financial position as at 31 March 2021, 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 KwaZulu-Natal Legislature as at 31 March 2021 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPLA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the legislature at, and for the year ended, 31 March 2021.

Uncertainty relating to the future outcome of exceptional claims

8. With reference to note 29 to the financial statements, the legislature is a defendant in various claims. Due to the nature and uncertainty of the claims, the ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements

Underspending of the budget

9. As disclosed in the statement of comparison of budget and actual amounts, the legislature materially underspent the budget by R104 million due to covid-19 lockdown restrictions which delayed certain activities and planned projects.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the FMPPLA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting officer is responsible for assessing the legislature's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the legislature or to cease operations, or has no realistic alternative but to do so.

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

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

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

Report on the audit of the annual performance report

Introduction and scope

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

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

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the legislature's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the legislature enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the Parliamentary business programme presented in the legislature's annual performance report for the year ended 31 March 2021.

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the Parliamentary business programme.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 22 to 28 for information on the achievement of planned targets for the year and management explanations provided for the under- and overachievement of targets.

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

23. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

24. 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.

25. 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.

26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. 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

28. 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. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme 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 KwaZulu-Natal Legislature to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a legislature to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

PART 6:

HUMAN RESOURCE MANAGEMENT

Table 10: Total Personnel expenditure by Programme

Programme	Total Budget (R'000)	Expenditure (R'000)	Expenditure as a % of personnel budget by programme	Training Expenditure (R'000)	Average cost per employee (R'000)
Support Services	135 848	121 196	89%	134	1 251
Core Services	142 245	142 245	100%	141	1 227
Total:	**278 093**	**263 441**	**0**	**275**	**1 238**

Table 11: Personnel costs by salary band (Total inclusive of Terminations)

Salary Band	Personnel Expenditure (R' 000)	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
A1 - A3	0	0,0%	0	0
B1 - B5	9 975	3,8%	17	587
C1 - C5	167 151	63,4%	152	1 100
D1 - D5	78 351	29,7%	41	1 911
E1 - E4	7 964	3,0%	3	2 655
Total:	**263 441**	**100%**	**213**	**1 238**

The figures exclude Training Expenditure

Table 12: Salaries, Overtime, Housing Allowance and Medical Aid by programme

Programme	Basic Salary		Overtime		Homeowners Allowance		Medical Aid	
	Amount – R'000	Basic as a % of Personnel Costs	Amount – R'000	Overtime as a % of Personnel Costs	Amount – R'000	Home-owner Allowance as a % of Personnel Costs	Amount – R'000	Medical aid as a % of Personnel Costs
Support Services	82 150	36,5%	741	0,04%	6 899	3,1%	5 980	2,7%
Core Service	88 790	39,5%	13	0,0%	6 624	2,9%	5 792	2,6%
Total :	**170 940**	**76,0%**	**754**	**0,0%**	**13 523**	**6,0%**	**11 772**	**5,2%**

Table 13: Salaries, Overtime, Housing Allowance and Medical Aid by Salary bands

Salary Bands	Basic Salary		Overtime		Homeowners Allowance		Medical Aid	
	Amount – R'000	Basic as a % of personnel costs	Amount – R'000	Overtime as % of personnel cost	Amount – R'000	Home Owners Allow-ance as a % of personnel costs	Amount – R'000	Medical Aid as a % of personnel costs
A1 - A3	0	0,0%	0	0,0%	0	0,0%	0	0,0%
B1 - B5	6 414	2,9%	5	0,0%	891	0,4%	664	0,3%
C1 - C5	114 380	50,9%	749	0,0%	9 826	4,4%	8 126	3,6%
D1 - D5	45 476	20,2%	0	0,0%	2 611	1,2%	2 813	1,3%
E1 - E4	4 670	2,1%	0	0,0%	195	0,1%	169	0,1%
	170 940	**76,0%**	**754**	**0,2%**	**13 523**	**6,0%**	**11 772**	**5,2%**

The figures above exclude employer pension contribution, car allowances and leave payouts

Table 14: Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Staff	294	208	29%	-
Total:	**294**	**208**	**29%**	**-**

Table 15: Employment and vacancies by salary band

Salary Band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
A1 - A3	0	0	0%	-
B1 - B5	31	16	48%	-
C1 - C5	202	149	26%	-
D1 - D5	57	40	30%	-
E1 - E4	4	3	25%	-
Total:	**294**	**208**	**29%**	**-**

Table 16: Employment and vacancies by critical occupations

Directorate	Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
1. Office of the Secretary	Secretary of the Legislature	1	1	0%	-
2. Financial Governance	Executive Manager: Financial Services	1	1	0%	-
3. Office of the Chief Operations Officer	Executive Manager: Parliamentary Business	1	1	0%	-
5. Research and Committees	Researchers,Budget and Content Analysts	25	20	20%	-
	Committee Cluster Manager	5	5	0%	-
	Committee Coordinator	21	20	5%	-
	Senior Managers	2	2	0%	-
6. Legal Services	Senior Legal Advisor	8	4	50%	-
	Senior Manager Legal Services	1	1	0%	-
7. Public Participation	Manager Public Participation	1	1	0%	-
	Public Participation Officer	4	3	25%	-
	Senior Public Participation Facilitator	5	5	0%	-
8. Legislative Operations	Manager Legislative Operations	1	0	100%	-
	Procedural Officer	1	1	0%	-
	Senior Manager Legislative Operations	1	1	0%	-
9. Hansard & Language Services	Control Editor	2	2	0%	-
	Manager Hansard & Language	2	2	0%	-
	Senior Language Practitioner	8	4	50%	-
	Transcriber	6	5	17%	-
	Total:	**96**	**79**	**18%**	**-**

This is vacancy rate of the identified critical posts

Table 17: Job Evaluation by Salary band

Salary Band	Number of posts on approved establish-ment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
A1 - A3	0	0	0	0	0	0	0
B1 - B5	31	0	0	0	0	0	0
C1 - C5	202	0	0	0	0	0	0
D1 - D5	57	0	0	0	0	0	0
E1 - E4	4	0	0	0	0	0	0
Total :	**294**	**0**	**0**	**0**	**0**	**0**	**0**

Table 18: Staff Turnover rates by salary band

Salary Band	Number of employees at the beginning of period	Appointments	Terminations	Turnover rate
A1 - A3	0	0	0	0,0%
B1 - B5	15	3	2	6,7%
C1 - C5	144	9	3	40%
D1 - D5	39	0	0	0,0%
E1 - E4	3	0	0	0,0%
Total :	**201**	**12**	**5**	**3.5%**

Table 19: Annual turnover rates by critical occupation

Directorate	Critical occupation	Number of employees at the beginning of the period	Appointments	Terminations	Turnover rate
1. Office of the Secretary	Secretary of the Legislature	1	0	0	0,0%
2. Financial Governance	Executive Manager: Financial Services	1	0	0	0,0%
3. Office of the Chief Operations Officer	Executive Manager: Parliamentary Business	1	0	0	0,0%
5. Reasearch and Committees	Senior Manager Committees	1	0	0	0,0%
	Committee Cluster Manager	5	0	0	0,0%
	Researchers, Budget and Content Analyst	20	0	0	0,0%
	Committee Coordinator	21	0	0	0,0%
6. Legal Services	Senior Manager Legal Services	1	0	0	0,0%
	Senior Legal Advisor	5	0	1	20,0%
7. Public Participation	Senior Manager Public Participation	1	0	0	0,0%
	Senior Public Participation Facilitator	5	0	0	0,0%
	Public Participation Officer	2	1	0	50,0%
8. Legislative Operations	Senior Manager Legislative Operations	1	0	0	0,0%
	Manager Legislative Operations	0	0	0	0,0%
	Procedural Officer	1	0	0	0,0%
9. Hansard & Language Services	Manager Hansard & Language	2	0	0	0,0%
	Senior Language Practitioner	3	1		33,0%
	Control Editor	2	0	0	0,0%
	Transcriber	4	1		25,0%
	Total:	**77**	**3**	**1**	**2,6%**

Table 20: Reasons why employees left the Legislature

Termination Type	Number	% Of Employees Who Left Employment
Dismissal	1	20%
Expiry of Contract	1	20%
Resignation	0	0%
Death	1	20%
Retirement	2	40%
Operational Req.	0	0%
Total:	**5**	**100%**

Table 21: Promotions by salary band

Salary Band	Employees as at beginning of the period	% Days promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
A1 - A3	0	0%	0%	0	0%
B1 - B5	15	0%	0%	0	0%
C1 - C5	144	0%	0%	0	0%
D1 - D5	39	0%	0%	0	0%
E1 - E4	3	0%	0%	0	0%
Total:	**201**	**0%**	**0%**	**0**	**0%**

PART 7:

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

KWAZULU-NATAL LEGISLATURE

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Provincial Legislature
Nature of business and principal activities	Oversight, law-making and public participation
Accounting officer	Ms. N. Naidoo
Registered office	244 Langalibalele Street Albertina Sisulu Building Pietermaritzburg 3201
Business address	244 Langalibalele Street Albertina Sisulu Building Pietermaritzburg 3201
Postal address	Private Bag X9112 Pietermaritzburg 3201
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Accounting Officer's Responsibilities and Approval

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

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Secretary 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 Secretary has reviewed the Legislature's cash flow forecast for the 12 months to 31 March 2022 and, in the light of this review and the current financial position, she is satisfied that the Legislature has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 64 to 94, which have been prepared on the going concern basis, were approved and signed by the Secretary on behalf of the Legislature.

Ms. N. Naidoo
Secretary: KwaZulu-Natal Legislature

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 '000	2020 Restated* '000
Assets			
Current Assets			
Inventories	3	580	515
Cash and cash equivalents	4	139 443	45 322
Operating lease asset	5	-	135
Receivables from non-exchange transactions	6	212	228
Receivables from exchange transactions	7	1 889	3 729
		142 124	**49 929**
Non-Current Assets			
Property, plant and equipment	8	32 805	47 270
Intangible assets	9	6 067	5 957
Receivables from exchange transactions	7	-	149
		38 872	**53 376**
Total Assets		**180 996**	**103 305**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	18 451	6 120
Payables from non-exchange transactions	11	39 592	3 694
Finance lease obligation	12	1 515	1 506
Employee benefits obligation	13	25 393	25 166
Operating lease liability	5	87	-
		85 038	**36 486**
Non-Current Liabilities			
Finance lease obligation	12	447	648
Employee benefit obligation	13	1 744	1 698
		2 191	**2 346**
Total Liabilities		**87 229**	**38 832**
Net Assets		**93 767**	**64 473**
Accumulated surplus		93 767	64 473

* See Note 27

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

	Note(s)	2021 '000	2020 Restated* '000
Revenue			
Revenue from exchange transactions			
Other income	14	77	333
Interest received - bank account		2 931	2 434
Total revenue from exchange transactions		**3 008**	**2 767**
Revenue from non-exchange transactions			
Other revenue			
Trade payables waived	10	-	1 287
Transfer revenue			
Operating appropriation	15	555 441	533 708
Statutory appropriation	16	87 381	115 704
Service received in-kind: use of office building	25	12 150	11 768
Transfer from Political Parties' Fund		248	-
Donations		-	105
Total revenue from non-exchange transactions		**655 220**	**662 572**
Total revenue		**658 228**	**665 339**
Expenditure			
Remuneration of employees	17	(263 441)	(227 246)
Remuneration of members of the legislature	18	(87 424)	(114 278)
Transfers and subsidies	19	(114 233)	(113 767)
Travel and accommodation	20	(17 421)	(47 068)
Public events	21	(8 200)	(20 809)
Depreciation and amortisation	22	(18 230)	(19 982)
Operating lease and rentals	23	(17 510)	(19 204)
General expenses	24	(100 056)	(77 984)
Loss on disposal of assets		(2 415)	(3 240)
Debt Impairment		(4)	-
Total expenditure		**(628 934)**	**(643 578)**
Surplus for the period		**29 294**	**21 761**

* See Note 27

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

	Accumulated surplus '000	Total net assets '000
Opening balance as previously reported	55 371	55 371
Adjustments		
Prior year adjustments (see note 27)	(12 659)	(12 659)
Balance at 01 April 2019 as restated*	**42 712**	**42 712**
Changes in net assets		
Surplus for the period before adjustments	23 324	23 324
Prior year adjustments (see note 27)	(1 563)	(1 563)
Total changes	21 761	21 761
Restated* Balance at 01 April 2020	**64 473**	**64 473**
Changes in net assets		
Surplus for the period	29 294	29 294
Total changes	29 294	29 294
Balance at 31 March 2021	**93 767**	**93 767**

* See Note 27

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Note(s)	2021 '000	2020 Restated* '000
Cash flows from operating activities			
Receipts			
Appropriation received		683 102	650 310
Interest received from bank		2 931	2 434
Other receipts		77	329
Transfer from the Political Parties' Fund		235	-
		686 345	653 073
Payments			
Employee costs		(263 168)	(225 575)
Remuneration of members of the legislature		(87 424)	(114 278)
Payment to suppliers		(120 899)	(157 698)
Transfers and subsidies		(114 233)	(113 767)
		(585 724)	(611 318)
Net cash flows from operating activities	26	**100 621**	**41 755**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3 861)	(11 787)
Proceeds from sale of property, plant and equipment		-	256
Purchase of intangible assets	9	(2 447)	(1 404)
Net cash flows from investing activities		**(6 308)**	**(12 935)**
Cash flows from financing activities			
Movement in finance leases		(192)	531
Net increase in cash and cash equivalents		**94 121**	**29 351**
Cash and cash equivalents at the beginning of the year		45 322	15 971
Cash and cash equivalents at the end of the period	4	**139 443**	**45 322**

* See Note 27

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget '000	Adjustments '000	Final Budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000	Note
Budget and actual information presented by programme						
Administration	293 927	-	**293 927**	(211 975)	**81 952**	34
Parliamentary business	301 479	-	**301 479**	(288 242)	**13 237**	34
Direct charge on Provincial Revenue Fund (compensation of members)	96 705	-	**96 705**	(87 381)	**9 324**	34
	692 111	**-**	**692 111**	**(587 598)**	**104 513**	
Budget and actual information presented by economic classification						
Compensation of employees	276 797	1 296	**278 093**	(263 664)	**14 429**	34
Goods and services	187 822	(1 340)	**186 482**	(117 271)	**69 211**	34
Transfers/subsidies to Provinces and Municipalities	46	-	**46**	(21)	**25**	
Transfers/subsidies to foreign governments and international organisations	269	44	**313**	(313)	**-**	
Transfers/subsidies to private enterprises	34	-	**34**	-	**34**	
Transfers/subsidies to non-profit institutions	114 941	-	**114 941**	(114 232)	**709**	34
Transfers/subsidies to households	112	-	**112**	-	**112**	
Payments for capital assets: machinery and equipment	6 447	-	**6 447**	(1 946)	**4 501**	34
Payments for capital assets: software and other intangible assets	8 938	-	**8 938**	(2 770)	**6 168**	34
Direct charge on Provincial Revenue Fund	96 705	-	**96 705**	(87 381)	**9 324**	34
	692 111	**-**	**692 111**	**(587 598)**	**104 513**	

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget '000	Adjustments '000	Final Budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000	Note
Reconciliation of budget to cash flows						
Surplus						
Surplus per budget statement				104 513		
Timing difference						
Appropriation received in advance				30 000		
Basis difference						
Revenue not included in the budget				3 243		
Recoveries not included in the budget				1 687		
Actual amount in the Cash Flow Statement				**139 443**		

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of GRAP, issued by the Accounting Standards Board in accordance with section 56(1) of the FMPPLA.

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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been 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 Legislature.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Legislature 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 judgements 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:

Allowance for doubtful debts

The allowance for doubtful debts/impairment is calculated as the difference between the recoverable amount and the original debt. The recoverable amount is the estimated amount that is still recoverable based on payment history of individual debtors or class of debtors with similar economic characters.

Useful lives of property, plant, equipment and intangible assets

Management determines the estimated useful lives and related depreciation charges for property, plant and equipment and software. This estimate is based on pattern in which an asset's future economic benefits or services potential are expected to be consumed by the entity. Refer to note 1.4 for details of useful lives.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are used for administrative purposes, and are expected to be used during more than one period.

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 Legislature; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is depreciated on the 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	Useful life (years)
Furniture and fixtures	Straight line	3 - 19
Motor vehicles	Straight line	5 - 12
Office equipment	Straight line	3 - 19
Computer equipment	Straight line	2 - 18
Audio visual equipment	Straight line	2 - 19
Security equipment	Straight line	3 - 18
Leased assets	Straight line	2
Kitchen equipment	Straight line	3 - 19

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Legislature. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Legislature assesses at each reporting date whether there is any indication that the Legislature 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.

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.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. 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 Legislature intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Legislature 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 Legislature; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are recognised at cost.

The Legislature 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.

Intangible assets with definite useful life are carried at cost less any accumulated amortisation and any impairment loss. Intangible assets with an indefinite useful life are carried at cost and reassessed for impairment at every reporting date.

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:

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.5 Intangible assets (continued)

Item	Useful life (years)
Computer software	8 - 11

1.6 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.

A financial asset is:

- cash;
- 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 Legislature.

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 Legislature.

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

Classification

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

Class	Category
Cash	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

Initial recognition

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

The Legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Gains and losses

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

Impairment and un-collectability of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence such as poor payment history and debtor's financial difficulty indicating that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Derecognition

Financial assets

The Legislature derecognises financial assets using trade date accounting.

The Legislature derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, are settled or waived.

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

Financial liabilities

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

Presentation

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the Legislature currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Composition and description of receivables

Receivables from non-exchange transactions

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Financial instruments (continued)

Recoveries

These debtors are recovery of losses suffered by the Legislature.

Receivables from exchange transactions

Prepayments to suppliers

Goods services paid for in advance based on contractual arrangements.

Government debtors

Receivables from other organs of state.

Staff and members debtors

Receivables from staff and members of the Legislature for various advances for acquisition of tools of trade

1.7 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.

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 interest rate implicit in the lease.

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.

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.

1.8 Inventories

Inventories are held for use on day to day business of the Legislature.

Inventories are initially measured at cost.

Subsequently inventories are measured at the lower of cost and current replacement cost.

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

The cost of inventories is assigned using the weighted average cost formula.

Expenses are recognised when the goods are distributed.

1.9 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.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

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).

Identification

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

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

1.10 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.

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.

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Interest

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

1.11 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Legislature, which represents an increase in net assets.

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

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

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

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

Services in-kind

Except for financial guarantee contracts, the Legislature recognises 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 Legislature and the fair value of the assets can be measured reliably.

Estimated value for use of office buildings and chamber owned by the KwaZulu-Natal Department of Public Works for no rental payment is recognised as revenue and expenditure in the period service is received. All other services received in-kind are not significant to Legislature's operations therefore only disclosed in note.

Appropriated funds

Annual appropriation

Annual appropriation is appropriated by the Legislature to cover operational and capital expenditure included in the budget of that particular period. There are no stipulations imposed on this appropriation. The amount appropriated is recognised in the statement financial performance when the appropriation bill is enacted.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Statutory appropriation

Statutory appropriation is specifically appropriated for the remuneration of members of the Legislature. This appropriation is a direct charge against the Provincial Revenue Fund. Revenue from this funding is recognised as and when conditions are met i.e. expenditure for remuneration of the members is incurred.

Transfer from Political Parties' Fund

This is the transfer from Political Parties' Fund (the fund) to the Legislature upon disestablishment of the fund. This transfer is recognised at date the fund is disestablished in terms of the KwaZulu-Natal Represented Political Parties Act Repeal Act. The date of disestablishment was 31 March 2021. This revenue is measured at fair value of assets transferred.

1.12 Employee benefits

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

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
- service bonus.

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

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

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 Legislature measures the expected cost of accumulating compensated absences as the additional amount that the Legislature expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Legislature recognises the expected cost of service bonus when the Legislature 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 Legislature has no realistic alternative but to make the payments.

Long service award

The Legislature provides leave and monetary award to employees who have completed 10 and 20 years of service. The award is as follows:

- five leave days for 10 years of service; or
- seven leave days and R10 899 for 20 years of service.

The Projected Unit Credit method has been used to value this liability.

Contribution to defined contribution plan

Retirement benefits are provided by membership of the Government Employees Pension Fund and Political Office Bearers Pension Fund which are defined benefit funds. The Legislature's responsibility regarding the funding of the pension funds is limited to the current contributions made on behalf of its employees. The obligation of the fund is guaranteed by the National Revenue Fund.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.13 Transfers and subsidies

Transfers and subsidies represent payments of annual allocation to the KwaZulu-Natal Political Parties' Fund and allowances to represented political parties. Amounts paid are determined in line with the requirements of the appropriation act and policies for allowances to the political parties.

1.14 Contingent assets and liabilities

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

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.15 Commitments

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

1.16 Comparative figures

Comparative figures have been restated where applicable.

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of the Legislature’s approved budget or a main division within that budget;
- any expenditure from Legislature’s approved budget or a main division within that budget for a purpose unrelated to the approved budget or main division, subject to section 22; and

any expenditure of donor funds for a purpose not specified in the agreement with the donor.

Unauthorised expenditure identified is disclosed in the financial statements. The disclosure is updated for approval or transfer to debt account of unauthorised expenditure.

1.18 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure identified is disclosed in the financial statements. The disclosure note is updated for any fruitless and wasteful expenditure written-off, recovered, transferred to debt account or confirmed not to be fruitless and wasteful upon further investigation.

1.19 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 this Act or any other applicable legislation.

Irregular expenditure identified is disclosed in the financial statements. The disclosure note is updated for any irregular expenditure written-off, recovered, transferred to debt account or confirmed not to be irregular upon further investigation.

1.20 Budget information

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

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

Accounting Policies

1.20 Budget information (continued)

The budget is for the Legislature only.

Reasons for variances above R500 000 of the final budget are provided.

1.21 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.

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 Legislature, including those charged with the governance of the Legislature in accordance with legislation, in instances where they are required to perform such functions.

The Legislature discloses all transactions, balances and commitments it incurred during the year from its dealings with its related parties.

1.22 Events after reporting date

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

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

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

The Legislature 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.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34 on Separate Financial Statements	01 April 2020	No impact
• GRAP 35 on Consolidated Financial Statements	01 April 2020	No impact
• GRAP 37 on Joint Arrangements	01 April 2020	No impact
• GRAP 38 on Disclosure of Interests in Other Entities	01 April 2020	No impact
• GRAP 110 on Living and Non-living Resources	01 April 2020	No impact
• IGRAP 20 on Adjustments to Revenue (and related amendments to IGRAP 1)	01 April 2020	No impact

2.2 Standards and interpretations issued, but not yet effective

The Legislature has not applied the following standards and interpretations, which have been published and are mandatory for the Legislature's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 on Financial Instruments	01 April 2024	Unlikely there will be a material impact

3. Inventories

	2021	2020
Consumable stores	580	515
Inventories recognised as an expense during the year	3 414	4 422

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Cash on hand	5	5
Bank balances	139 438	45 317
	139 443	**45 322**

The Legislature had the following bank balances

Description (account number)	Bank statement balances 31 March 2021	31 March 2020	31 March 2019
Standard Bank business current account (252681797)	4 205	29 237	1 410
Standard Bank retail deposit account (358479355001)	135 233	17 290	14 556
Total	**139 438**	**46 527**	**15 966**

5. Operating lease asset

	2021	2020
Current assets	-	135
Current liabilities	87	-
	87	**135**

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

6. Receivables from non-exchange transactions

	2021	2020
Recoveries	1 692	1 708
Other receivables	1	1
Allowance for irrecoverable debts	(1 481)	(1 481)
	212	**228**

Reconciliation of allowance for impairment of trade and other receivables

	2021	2020
Opening balance	1 481	1 568
Reversal of impairment	-	(78)
Amounts written off as uncollectible	-	(9)
	1 481	**1 481**

7. Receivables from exchange transactions

	2021	2020
Prepayments to suppliers	1 381	3 015
Government debtors	196	379
Staff and members debtors: current	307	335
Staff and members: non-current	-	149
Other receivables	5	-
	1 889	**3 878**

	2021	2020
Non-current assets	-	149
Current assets	1 889	3 729
	1 889	**3 878**

Financial assets included in receivables from exchange transaction

	2021	2020
Government debtors	196	379
Staff and members debtors	307	485
Other receivables	5	-
	508	**864**

Credit quality of financial assets included in receivables from non-exchange transactions

The credit quality of trade receivables that are neither past due nor impaired can be assessed as good based on historical rate of recovery.

Financial assets that are past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2021,R503 (2020:R864) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2021	2020
1 month past due	-	79
3 months past due	508	785
	508	**864**

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

8. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	11 742	(8 822)	2 920	12 340	(8 469)	3 871
Motor vehicles	11 040	(6 951)	4 089	11 040	(5 523)	5 517
Office equipment	375	(273)	102	675	(403)	272
IT equipment	30 574	(18 987)	11 587	34 992	(16 589)	18 403
Audio visual equipment	18 089	(9 776)	8 313	17 888	(6 494)	11 394
Security equipment	15 578	(12 430)	3 148	15 933	(11 789)	4 144
Leased assets- cellphones	4 005	(2 132)	1 873	3 889	(1 645)	2 244
Kitchen equipment	2 331	(1 558)	773	2 501	(1 076)	1 425
Total	**93 734**	**(60 929)**	**32 805**	**99 258**	**(51 988)**	**47 270**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	3 871	477	(290)	(1 138)	2 920
Motor vehicles	5 517	-	-	(1 428)	4 089
Office equipment	272	-	(52)	(118)	102
IT equipment	18 410	1 318	(1 466)	(6 675)	11 587
Audio visual equipment	11 394	391	(42)	(3 430)	8 313
Security equipment	4 144	12	(86)	(922)	3 148
Leased assets	2 244	1 663	(446)	(1 588)	1 873
Kitchen equipment	1 425	-	(38)	(614)	773
	47 270	**3 861**	**(2 420)**	**(15 913)**	**32 805**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	5 252	140	(61)	(1 460)	3 871
Motor vehicles	5 528	1 492	-	(1 503)	5 517
Office equipment	406	44	(7)	(171)	272
IT equipment	21 457	7 574	(2 714)	(7 914)	18 403
Audio visual equipment	14 785	88	(36)	(3 443)	11 394
Security equipment	5 376	66	(8)	(1 290)	4 144
Leased assets	1 823	2 364	(669)	(1 274)	2 244
Kitchen equipment	2 032	19	(1)	(625)	1 425
	56 659	**11 787**	**(3 496)**	**(17 680)**	**47 270**

Other information

Expenditure incurred to repair and maintain property, plant and equipment: contracted services		
IT equipment	142	350
Audio visual equipment	426	677
	568	**1 027**

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2021 '000	2020 '000

9. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	26 072	(20 005)	6 067	23 572	(17 615)	5 957

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	5 957	2 447	53	(2 390)	6 067

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software	6 857	1 404	-	(2 304)	5 957

10. Payables from exchange transactions

	2021	2020
Trade payables	18 451	6 116
Other payables	-	4
	18 451	**6 120**

Increase in trade payables is due to accrual of invoices received after year-end relating to repairs, rental and other expenses.

The amount of liabilities waived in 2020 by service provider is R1.287 million. This gain relates to a creditor account amounting to R4. 289 million settled in full for R3.002 million after negotiations.

Comparative figures have been restated. Refer to note 27.

11. Payables from non-exchange transactions

	2021	2020
Annual appropriation payable	30 000	-
Statutory appropriation payable	9 324	3 426
Unallocated receipts	268	268
	39 592	**3 694**

Annual appropriation payable relates to appropriation for next financial period received on 31 March 2021.

Statutory appropriation payable relates to appropriation for members remuneration that was not spent. These funds are refundable to the Provincial Revenue Fund.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

12. Finance lease obligation

Present value of minimum lease payments due	2021 '000	2020 '000
- within one year	1 515	1 506
- in second to fifth year inclusive	447	648
	1 962	**2 154**

	2021 '000	2020 '000
Non-current liabilities	447	648
Current liabilities	1 515	1 506
	1 962	**2 154**

The Legislature leases cellphones under finance leases.

The lease term for cellular phones is 2 years.

13. Employee benefit obligations

2021

	Current	Non-current	Total
Service bonus	6 215	-	6 215
Leave pay	18 693	-	18 693
Long service award	485	1 744	2 229
	25 393	**1 744**	**27 137**

2020

	Current	Non-current	Total
Service bonus	5 498	-	5 498
Leave pay	6 859	-	6 859
Long service award	150	1 698	1 848
Salaries payable (implementation of job evaluation)	12 659	-	12 659
	25 166	**1 698**	**26 864**

Reconciliation of liability - 31 March 2021

	Opening balance	Additions	Settlement/reduction	Closing balance
Service bonus	5 498	13 534	(12 817)	6 215
Leave pay	6 859	24 159	(12 325)	18 693
Long service award	1 848	381	-	2 229
Salaries payable (implementation of job evaluation)	12 665	-	(12 665)	-
	26 870	**38 074**	**(37 807)**	**27 137**

Reconciliation of liability - 31 March 2020

	Opening balance	Additions	Settlement/reduction	Closing balance
Service bonus	5 057	12 020	(11 579)	5 498
Leave pay	6 055	10 805	(10 001)	6 859
Long service award	1 421	475	(48)	1 848
Salaries payable (implementation of job evaluation)	12 659	-	-	12 659
	25 192	**23 300**	**(21 628)**	**26 864**

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

13. Employee benefit obligations (continued)

Increase in leave pay obligation is due to an increase in leave credits carried forward from 2020 leave cycle due to COVID-19 restrictions and a decrease in maximum number of leave days that can be encashed during the year compared to 2019 leave cycle. These leave credits will be forfeited if not used by 30 June 2021.

Comparative figures have been restated. Refer to note 27.

Expenses recognised and actuarial assumptions applied in valuing the long service award obligation

Net expense recognised in the statement of financial performance

	2021	2020
Current service cost	238	181
Interest cost	154	115
Actuarial (gains) losses	(11)	181
Settlement	-	(50)
	381	**427**

Key assumptions used

Assumptions used at the reporting date:

	2021	2020
Discount rates used	10.24 %	8.76 %
General earnings inflation rate (long-term)	6.87 %	5.29 %
Net effective discount rate	3.15 %	3.30 %
CPI inflation rate (long-term)	5.37 %	4.29 %
Net-of-CPI-inflation discount rate	5.37 %	4.29 %

Contribution to defined contribution plan

Retirement benefits are provided by membership of the Government Employees Pension Fund and Political Office Bearers Pension Fund which are defined benefit funds. The Legislature's responsibility regarding the funding of the pension funds is limited to the current contributions made on behalf of its employees and members. The obligation of the fund is guaranteed by the National Revenue Fund.

	2021	2020
The total contribution to pension funds	33 345	29 840

14. Other income

	2021	2020
Recovery of expenditure	4	165
Reversal of debt impairment	-	78
Commission	73	72
Other income	-	18
	77	**333**

15. Operating appropriation

	2021	2020
Operating grants		
Annual appropriation	555 441	533 708

16. Statutory appropriation

	2021	2020
Statutory appropriation (members remuneration)	87 381	115 704

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2021 '000	2020 '000

17. Employee related costs

Basic	163 205	146 247
Social contributions	33 063	29 095
Service bonus	13 572	12 186
Housing allowance	13 523	11 980
Other allowances (car allowance and others)	15 461	15 925
Leave pay	23 481	10 805
Overtime payments	754	582
Long service award	382	426
	263 441	**227 246**

Included in employee related costs is the remuneration of executive management detailed below:

Remuneration of the Accounting Officer (Ms N. Naidoo)

Basic salary	1 727	1 677
Car allowance	443	443
Service bonus	144	140
Housing allowance	65	63
Leave encashment	163	129
Secretary's allowance	263	259
Employer contributions to unemployment insurance, medical and pension funds	245	248
Qualification bonus	-	63
	3 050	**3 022**

Remuneration of acting Executive Manager: Parliamentary Services (Mr. NZ. Nzuza) - acting appointment ended 28 February 2020

Basic salary	-	1 046
Car allowance	-	288
Service bonus	-	95
Housing allowance	-	58
Leave encashment	-	88
Acting allowance	-	187
Employer contributions to unemployment insurance, medical and pension fund	-	164
	-	**1 926**

Remuneration of Executive Manager: Parliamentary Services (Mr. ZN. Memela) - appointed 1 March 2020

Basic salary	1 351	108
Car allowance	412	34
Service bonus	113	-
Housing allowance	65	5
Leave encashment	127	-
Employer contributions to unemployment insurance, medical and pension fund	280	22
	2 348	**169**

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2021 '000	2020 '000

17. Employee related costs (continued)

Remuneration of the Executive Manager: Financial Services (Mr. MR. Nkopane)

Basic salary	1 351	1 302
Car allowance	412	412
Service bonus	113	108
Housing allowance	65	63
Leave encashment	105	71
Employer contributions to unemployment insurance, medical and pension fund	256	245
	2 302	**2 201**

18. Remuneration of members of the Legislature

Basic salary	50 694	50 084
Non-pensionable salary	33 996	34 382
Tools of trade allowances	2 734	2 827
Loss of office gratuity	-	26 985
	87 424	**114 278**

Remuneration of the Executive Authority and her deputy

The Speaker (Hon. L. Johnson) - Term of office expired 7 May 2019

Basic salary	-	120
Non-pensionable salary	-	87
Loss of office gratuity	-	1 634
	-	**1 841**

The Deputy Speaker (Hon. R.M.B. Hadebe) - Term of office expired 7 May 2019

Basic salary	-	97
Non-pensionable salary	-	71
Loss of office gratuity	-	1 334
	-	**1 502**

The Speaker (Hon. N.N. Boyce) - Term of office started 8 May 2019

Basic salary	1 187	1 015
Non-pensionable salary	791	880
Tools of trade allowances	-	48
	1 978	**1 943**

The Deputy Speaker (Hon. M.E. Ndobe) - Term of office started 8 May 2019, ended 6 November 2020

Basic salary	579	744
Non-pensionable salary	418	765
Tools of trade allowances	-	40
	997	**1 549**

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2021 '000	2020 '000

18. Remuneration of members of the Legislature (continued)

The Deputy Speaker (Hon. R.T. Mthembu) - Term of office started 26 November 2020

	2021 '000	2020 '000
Basic salary	320	-
Non-pensionable salary	213	-
	533	**-**

19. Transfers and subsidies

	2021 '000	2020 '000
Constituency allowance to political parties	55 010	55 010
Transfer to Political Parties' Fund	40 000	40 000
Secretariat assistance to political parties	19 223	18 757
	114 233	**113 767**

20. Travel and accommodation

	2021 '000	2020 '000
Accommodation and flights	6 195	25 673
Reimbursed road travel expenses	10 054	17 463
Incidental and daily allowances	1 172	3 932
	17 421	**47 068**

Decrease was due to COVID-19 lockdown, parliamentary activities were done virtually.

21. Public events

	2021 '000	2020 '000
Hire of venues and facilities	2 354	6 486
Hire of equipment and other services	4 264	5 785
Catering	1 582	8 538
	8 200	**20 809**

Decrease was due to COVID-19 lockdown, parliamentary activities were done virtually.

22. Depreciation and amortisation

	2021 '000	2020 '000
Property, plant and equipment	15 840	17 679
Intangible assets	2 390	2 303
	18 230	**19 982**

23. Operating lease rentals

	2021 '000	2020 '000
Operating lease payments	5 360	7 436
Consumption of service received in-kind: rental	12 150	11 768
	17 510	**19 204**

Comparative figures have been restated. Refer to note 27.

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2021 '000	2020 '000

24. General expenses

Repairs and maintenance	30 904	10 201
Advertising and broadcasting	11 036	6 843
Consulting and professional fees	11 391	15 495
Security	6 152	6 520
Internet and data expenses	5 816	8 125
Communication	4 737	4 460
COVID-19 protective expenditure	4 512	371
Auditors remuneration	3 907	3 790
Consumables	3 414	4 422
Commission paid	2 542	2 233
Cleaning	2 512	2 327
Catering	1 114	2 958
Electricity	2 816	2 895
Donations	2 851	185
Fleet	1 278	1 608
Promotions and sponsorships	264	349
Bank charges	94	93
Printing and stationery	811	1 134
Subscriptions and membership fees	1 478	920
Transport	56	7
Training	275	1 222
Water	457	347
Refuse	196	176
Bursaries	290	-
Other expenses	1 153	1 303
	100 056	**77 984**

Increase is repairs and maintenance is due to major repairs to roof and other fixtures on buildings.

Increase to advertising and broadcasting resulted from increase in number of programmes of the Legislature advertised and broadcast on media platforms due to COVID 19 restrictions.

There was an increase in donations due to implementation of the Speakers' social responsibility programme for the new term of office.

Expenditure on COVID-19 consumables and intervention was in respect of sanitary and protective items handed out during public participation and outreach programmes.

25. Services received in-kind

KwaZulu-Natal Legislature occupies three buildings from Department of Public Works at no fee, estimated rental for year is R12.150 million (31 March 2020: R11.768 million). Furthermore, KwaZulu-Natal Legislature received protection services from South African Police Services at nominal fee.

26. Net cash flows from operating activities

Surplus	29 294	21 761
Adjustments for:		
Depreciation and amortisation	18 230	19 982
Loss/(gain) on sale of assets and liabilities	2 420	3 285
Debt impairment/adjustments	4	(30)
Movements in operating lease accrual	222	120
Movements in employee benefit obligation	273	1 672
Stock counting differences	-	(18)
Changes in working capital:		
Inventories	(65)	(136)
Receivables from non-exchange transactions	16	102

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Notes to the Annual Financial Statements

	2021 '000	2020 '000
26. Net cash flows from operating activities (continued)		
Statutory receivables	-	3 000
Receivables from exchange transactions	1 989	(1 658)
Payables from exchange transactions	12 340	(7 204)
Payables from non-exchange transactions	35 898	879
	100 621	**41 755**

27. Prior-year adjustments

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Employee benefit obligations	13	(14 205)	(12 659)	(26 864)
Payables from exchange transactions	10	(4 558)	(1 563)	(6 120)
Accumulated surplus		(78 694)	14 222	(64 473)
		(97 457)	**-**	**(97 457)**

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Operating lease and rentals	23	17 641	1 563	19 204
Surplus for the period		23 324	(1 563)	21 761
		40 965	**-**	**40 965**

Disclosure notes

2020

	Note	As previously reported	Correction of error	Restated
Contingent liabilities: Job evaluation salary back pay	29	13 754	(13 754)	-
Contingent assets: Claim against other organ of state	29	-	300	300
Expenditure incurred to repair and maintain property, plant and equipment	8	10 201	(9 174)	1 027
Commitments: capital expenditure	28	12 255	(12 255)	-
Commitments: operating expenditure	28	1 790	(1 790)	-
		38 000	**(36 673)**	**1 327**

The following prior period errors adjustments occurred:

- The correction to employee benefit obligations and contingent liabilities relate to monies paid in the period ended 31 March 2021 to employees in respect of changes to job grades due to implementation of job evaluation outcomes. This liability related to period from 1 June 2018 to 31 March 2019. This resulted in increase in employee benefits obligation and decrease in disclosed contingent liability. A contingent asset was not disclosed in prior year.
- The correction to payables from exchange transactions, operating lease and rental and surplus for the period relates to rent expenditure not recognised in period ended 31 March 2020.
- The correction to disclosures of expenditure incurred to maintain property, plant and equipment, capital and operating commitments is intended to align these disclosures to requirements of GRAP 17 on Property, Plant and Equipment. This standard requires disclosure of these items if they relate to property, plant and equipment. Corrected items did not relate to property, plant and equipment.

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

28. Commitments

Capital expenditure

Contracted		
• Property, plant and equipment - Office Equipment	31	15
• Property, plant and equipment - Furniture	36	-
• Property, plant and equipment - IT Equipment	21	3
• Intangible assets - Computer Software	14	162
	102	**180**

Total capital commitments		
Already contracted for but not provided for	102	180

Total commitments

Total commitments		
Authorised capital expenditure	102	180

Operating lease commitments

Minimum lease payments due		
- within one year	2 699	2 619
- in second to fifth year inclusive	4 353	-
	7 052	**2 619**

Operating lease payments represent rentals payable by the Legislature for certain of its office properties. Leases are negotiated for an average term of three years and rentals are escalating at average of 8% with the option to renew. No contingent rent is payable.

Comparative figures have been restated. Refer to note 27.

29. Contingencies

Contingent liabilities

Labour dispute: leave credits	151	151
Labour dispute: job grading	22 590	6 789
Labour dispute: pay progression	-	1 720
Disputed supplier accounts	1 440	1 440
Claim for damages	127	-
	24 308	**10 100**

Labour disputes resulted from disputed leave credits. This matter is pending at labour court.

Job grading disputes relate to formal disputes lodged by employees regarding outcomes of the job evaluation. This matter is not finalised at the Commission for Conciliation, Mediation and Arbitration.

Pay progression dispute relates to demand to implement pay progression. The arbitrator dismissed the union's claim that pay progression clause in 2016 settlement agreement be implemented for subsequent periods.

Disputed accounts related to claim by the Department of International Relations and Co-operation that the Legislature owes this amount for expenses incurred for international business travel. No supporting documents have been provided to support this claim.

Claim for damages arises from motor vehicle collision. The claimant alleges that driver of the Legislature's motor vehicle was at fault. The matter is ongoing and expected to be heard in court in the next financial period.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

29. Contingencies (continued)

Contingent assets

	2021 '000	2020 '000
Claim against other organ of state	300	300

Claim against other organ of state relate to action for negligent loss of legislature vehicle from South African Police Service impound.

30. Related parties

Relationships	
Legislative & oversight responsibility	All KwaZulu-Natal provincial departments and public entities

Related party transactions, balances and commitments

	2021 '000	2020 '000
KwaZulu-Natal Political Parties' Fund		
Annual appropriation	40 000	40 000
Commitment in respect of annual appropriation	-	40 000
Transfer of funds on disestablishment of the fund	(223)	-

The fund has been disestablished in terms of the KwaZulu-Natal Funding of Represented Political Parties Act Repeal Act from 31 March 2021.

	2021 '000	2020 '000
KwaZulu-Natal Treasury/Revenue Fund		
Annual and statutory appropriation	(653 102)	(646 339)
Appropriation receivable/(payable)	(9 324)	(3 426)
KwaZulu-Natal Department of Transport		
Motor vehicle purchases/expenses	21	1 511
KwaZulu-Natal Department of Public Works		
Property expenses	21 556	11 096
Amounts payable	(4 212)	-
Services received in-kind (rental)	(12 150)	(11 768)
Consumption of services received in-kind(rental)	12 150	11 768
KwaZulu-Natal Department of Health		
Medical services	-	12
Recovery of other expenses	93	-
KwaZulu-Natal Office of the Premier		
Shared expenses recovered	(515)	(4 414)
Shared expenses receivable	196	379

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

31. Financial instruments risk management

Financial risk management

The Legislature's exposure to financial risk is minimal due to its nature of activities which are wholly funded from the provincial budget. The Legislature is not allowed to borrow funds and issue guarantees.

Liquidity risk

The Legislature’s risk to liquidity as a result of the funds unavailable to cover future commitments is minimal. The Legislature manages liquidity risk through an ongoing review of future commitments and matching of its commitments to transfers from the Provincial Revenue Fund thereby ensuring that when liabilities fall due there are funds available to settle.

The composition and maturity dates of the Legislature's financial liabilities are set out below:

	2021	2020
Composition of financial liabilities		
Payables from exchange transactions	18 451	6 120
Finance leases	1 962	2 154
Employee benefits obligation	27 137	26 864
	47 550	**35 138**

	2021	2020
Maturity		
Due in 1 to 3 months	18 451	7 628
Due later than 3 months	29 099	27 510
	47 550	**35 138**

Credit risk

Credit risk consists mainly of cash bank balances and other debtors. The Legislature only deposits cash with major banks with high quality credit standing.

Receivables comprises of staff and members and government debt which are not subject to major credit risks.

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

	2021	2020
Cash and cash equivalents	139 443	45 322
Receivables	508	864
	139 951	**46 186**

32. Fruitless and wasteful expenditure

	2021	2020
Opening balance as previously reported	31	-
Opening balance	**31**	**-**
Add: Expenditure identified - current	8	31
Closing balance	**39**	**31**

Expenditure identified include those listed below:

	Disciplinary steps taken/criminal proceedings	2021	2020
Penalty for late cancellation of accommodation	Under investigation	8	31

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

33. Irregular expenditure

	2021 '000	2020 '000
Opening balance as previously reported	8 980	5 590
Correction of prior period error	-	(136)
Opening balance	**8 980**	**5 454**
Add: Irregular expenditure incurred	49	9 287
Less: Amount condoned	(6 428)	(5 761)
Closing balance	**2 601**	**8 980**

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Competitive bidding/three written quotations not invited	Under investigation	-	5 129
Tax status of the supplier not confirmed	Under investigation	-	80
Goods/services procured on month to month or expired contracts	Under investigation	49	3 664
Splitting of orders	Under investigation	-	414
		49	**9 287**

Cases of irregular expenditure amounting to R- (31 March 2020: R136 thousand) were subsequently found not to be irregular and corrected.

34. Budget differences

Material differences between budget and actual amounts by programme

Administration programme

The underspending was mainly due to COVID-19 lockdown restrictions, commencement of planned infrastructural projects was delayed and most of Legislature activities being conducted virtually, resulting in savings on funds provided for catering, consumables, consultants fees and travel, and additional funds provided for public works projects that were delayed.

Parliamentary services programme

The underspending was mainly due to COVID-19 lockdown restrictions, planned parliamentary activities were mainly being done virtually, with the results that the Legislature saved on travel, catering and venue hire related costs.

Direct charge (members' remuneration)

The underspending was mainly due to the budget catering for an inflationary adjustment on members salaries, whereas the actual salaries have remained the same from previous year.

Material differences between budgeted and actual amounts by economic classification

Compensation of employees

The underspending was mainly due to vacant posts and posts that were filled later than expected.

Goods and services

The underspending was mainly due to COVID-19 lockdown restrictions, planned activities were done virtually, resulting in savings on travel, catering and venue hire related costs, coupled with delays in the commencement of planned infrastructural and other projects caused by lockdown restrictions.

Transfers and subsidies

The underspending was due to mid-year adjustment additional allocation being higher than required.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	2021 '000	2020 '000

34. Budget differences (continued)

Payments for capital assets: machinery and equipment

The underspending was mainly due to lockdown restrictions that delayed procurement processes and required vehicles not being available in the current transversal contract that expired on 31 March 2021.

Payments for capital assets: software and other intangible assets

The underspending was mainly due to delays in the advertising of the tenders, occasioned by government tender bulletin not being functional in the last quarter, noting that additional allocation was made during mid-year adjustments and expenditure was planned for the last quarter.

Direct charge on Provincial Revenue Fund

The underspending was mainly due to the budget catering for an inflationary adjustment on members salaries, whereas the actual salaries have remained the same from previous year.

35. Disestablishment of the KwaZulu-Natal Political Parties' Fund

Following the determination by the President of the Republic, that the Political Party Funding Act of 2018 will commence on 01 April 2021, the KZN Legislature repealed the KwaZulu-Natal Funding of Represented Political Parties Act of 2008. The Repeal Act was assented to by the Premier of KwaZulu-Natal on 31 March 2021. The repeal was processed to ensure compliance with both the national act and the constitution. The national act provides that legislatures may not fund political parties represented in the Legislature other than through section 116 of the constitution i.e. in terms of its rules and orders (not provincial legislation). In terms of the Repeal Act, the Fund has been wound-up and disestablished. The KwaZulu-Natal Legislature is, in respect of the assets, liabilities, rights, duties and obligations, for all purposes, the successor in-law of the disestablished Political Parties Fund. Assets in the form of cash valued at R235 thousand was transferred to the Legislature.

36. Events after the reporting date

There are no material events that took place between reporting period and authorisation of financial statement for issue that requires adjustment or disclosure in the financial statements.

KWAZULU NATAL REPRESENTED POLITICAL PARTIES' FUND

ANNUAL REPORT

2020/2021

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OVERVIEW

The activities of the KwaZulu-Natal (KZN) Represented Political Parties' Fund (the Fund) were mainly focused on managing, allocating and distributing funds to political parties represented in the KwaZulu-Natal Legislature.

The allocations are made to meet the objectives of the KZN Funding of Represented Political Act, which are to -

a. Strengthen multiparty democracy in the Provincial Legislature;

b. Educate and develop the political will of the public so as to enhance their participation in political life;

c. Permit Parties to function effectively as political parties in a modern democracy;

d. Provide financial and administrative assistance to parties; and

e. Provide for the management and administration of the KZN Represented political Parties' Fund.

The allocations made to the represented political parties, which were gazetted, were as follows:

NAME OF POLITICAL PARTY	AMOUNTS
ANC	R18 600 000
IFP	R 6 200 000
DA	R 5 400 000
EFF	R 4 200 000
NFP	R 1 400 000
MF	R 1 400 000
ACDP	R 1 400 000
ATM	R 1 400 000

The transfers took place on a quarterly basis where political parties had submitted required information in line with the Act.

The Accounting Officer monitored the submission of supporting documentation as required by the Act to ensure that there were adequate documents to support funds utilised.

FUND PERFORMANCE

Audited annual financial statements have been received from all represented political parties in which their auditors have confirmed that the funds were utilized for the purpose for which they were intended.

We are satisfied that the provisions of the Act have been fully met in the management and allocation of the funds available for distribution.

ACCOUNTING OFFICER'S REPORT

Report by the Accounting Officer to the Provincial Legislature on the KwaZulu-Natal Represented Political Parties' Fund for the year ended 31 March 2021

1. The KwaZulu-Natal Funding of Represented Political Parties Act and its Regulations
On the 5th of December 2008, the KwaZulu-Natal Funding of Represented Political Parties Act, 2008, Act No. 7 of 2008 (hereafter referred to as the Act) was assented to.

The objectives of this Act
The objective of this Act is to make provision for the establishment of the Political Parties' Fund so as to –

(i) strengthen multiparty democracy in the Provincial Legislature;

(ii) educate and develop the political will of the public so as to enhance their participation in the political life;

(iii) permit parties to function effectively as political parties in a modern democracy;

(iv) provide financial and administrative assistance to parties; and

(v) provide for the management and administration of the KZN Represented Political Parties' Fund.

The objectives of the Political Parties' Fund
The Fund's objectives are –

(i) to receive and invest moneys deposited with it from sources authorized in terms of this Act; and

(ii) to provide for the supplementary funding of political parties on an equitable and proportional basis.

2. Management and Administration of the Fund
The Act determines that the financial year of the Fund will run from 1 April of every year until 31 March in the following year.

The Secretary to the Provincial Legislature is responsible for the management and administration of the Fund and is the Chief Executive Officer of this Fund in terms of section 11 (1) of the Act.

For each financial year the Secretary must have records kept of moneys received by/or accruing to the Fund, allocations made/and payments there from and of expenditure arising from the allocation of moneys.

Allocations to the political parties are made in accordance with the prescribed formula as listed in the Regulations to this Act.

The manner in which the political parties have to deal with and account for the moneys allocated to them, is set out in the Act.

At the end of each financial year all political parties that received this funding must prepare a statement showing the amount received and the purposes for which it was spent and have the statement and its books of records of accounts audited.

Section 8 (5) of the Act states that the books and records of the account must be audited by a public accountant and auditor registered and practicing as such in terms of Auditing Professions Act,2005. Therefore the Auditors report in addition to the opinion on the presentation of the financial statements, must express another opinion on whether the allocated moneys were spent for the purpose authorised by this Act.

3. Overview of the operations for the 2020/21 financial year

An amount of R 40 million was received from the KwaZulu-Natal Provincial Legislature for the 2020/21 financial year.

R40 million has been paid out to the different political parties. The details of the amounts paid to the political parties are disclosed in the attached annual financial statements.

The Secretary expresses appreciation to the Accounting Officers of all political parties for their co-operation in implementing this Act.

4. Approval

The Annual Financial Statements set out on pages 110 to 122 have been approved by the Accounting Officer.

....

Ms. N NAIDOO
ACCOUNTING OFFICER:
KWAZULU-NATAL POLITICAL PARTIES' FUND

FUNDS ALLOCATION

FUNDS ALLOCATIONS TO POLITICAL PARTIES FROM THE KWAZULU-NATAL FUNDING OF REPRESENTED POLITICAL PARTIES FUND.

The R40 million allocated in the 2020/21 and was transferred to the eight represented political parties in the Kwazulu-Natal Provincial Legislature. The amount was distributed to the political parties as listed below:

NAME OF POLITICAL PARTY	AMOUNTS
ANC	R18 600 000
IFP	R 6 200 000
DA	R 5 400 000
EFF	R 4 200 000
NFP	R 1 400 000
MF	R 1 400 000
ACDP	R 1 400 000
ATM	R 1 400 000

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

FINAL REPORT OF THE AUDIT AND RISK COMMITTEE TO THE EXECUTIVE AUTHORITY AND ACCOUNTING OFFICER OF THE LEGISLATURE OF KWAZULU-NATAL POLITICAL PARTIES FUND (PPF)

We are pleased to present our Audit and Risk Committee (ARC) report for the financial year ended 31 March 2021.

OBJECTIVE

The audit and risk committee serves as an independent body to assist the Accounting Officer with its responsibility for safeguarding assets, maintaining effective and efficient internal controls, risk management, reviewing the financial information and overseeing the preparation of the financial statements amongst other tasks.

ATTENDANCE AND MEMBERSHIP

The Audit and Risk Committee consisted of the members listed below. All members are independent and non-executive. In the 2020/21 financial year the Committee held four (4) meetings in line with the Audit and Risk Committee Charter. The table below shows members and attendance:

NAMES	Total Meetings Held	Number of meeting attended
Mr. S Hlophe – Chairperson	4	2
Mrs. A Badimo	4	2
Ms. P Ngubane	4	2
** Mrs N Qunta	4	4
*Mr. L Quayle- Chairperson	4	2
*Mr. T Zororo	4	2
*Mrs. S Keshav	4	2

* *These members contracts with the Legislature ended in July 2020 after serving the maximum term of six years.*

** *This member continued her membership from the old to new ARC*

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee is pleased to report that it has complied with its responsibilities arising from section 48 (1)(c) of the FMPPLA. The ARC also reports that it has adopted appropriate formal terms of reference as its Charter and has managed and regulated its affairs in compliance with this charter.

In the conduct of its duties and as mandated in compliance with section 48 (1) (c) the committee hereby reports as follows:

REVIEW OF FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

The Audit and Risk Committee has reviewed the Annual Financial Statements and Annual Performance Report before submission to the Auditor General on 31 May 2021 and made recommendations. The Committee further reviewed the audited Annual Financial Statements for inclusion in the Annual Report.

We are pleased with the clean audit outcome and commend management on the strengthening of the internal control environment.

The Audit and Risk Committee concurs with and accepts the conclusion of the Auditor-General on the Annual Financial Statements.

During the course of the financial year, the committee reviewed and assessed the adequacy, reliability and integrity of management's reports, including operational and financial information, through quarterly presentation on its meetings.

THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

The system of internal control employed by the entity to financial and risk management is effective, efficient and transparent as per King IV recommendations. The Committee observes this through various reports from internal audit and Auditor General.

Internal Audit:

The objective of the internal audit function of the Legislature is to provide management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the KZN Legislature (KZNL). It assists KZNL to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The key activities of internal audit function are to evaluate whether the Legislatures system of governance, risk management and internal control, as designed by management, is adequate and functioning in a manner that ensures, amongst others, that:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operational information is accurate, reliable, and timely.
- Employee's actions are consistent with policies, standards, procedures, and applicable laws and regulations.
- Significant legislative or regulatory issues impacting the Legislature are recognized and addressed appropriately.

The Audit and Risk Committee approved the internal audit strategic, operational, and annual coverage plans at the beginning of the 2020/2021 financial year. The Internal Audit Annual Coverage Plan was comprehensively implemented and consulting work emanating from top management and audit committee resolutions was also completed.

The Audit and Risk Committee is satisfied with the work of internal audit.

RISK MANAGEMENT

During the year, the Audit and Risk Committee provided assurance regarding the development and review of Enterprise Risk Management (ERM) Policies, Strategies and Plans. The Committee also reviewed the Strategic Risk register and monitored the implementation of risk mitigation plans on a quarterly basis. Risk Management is a standing agenda item in all Audit Committee meetings, and this also cover the review of the Ethics and Anti-Fraud and Anti-Corruption matters.

ICT GOVERNANCE

Information and communication technology (ICT) governance remains a key focus for the Legislature as part of its digitalisation drive and the Committee is responsible for ICT governance.

The Senior Manager ICT is responsible for executing on ICT governance. The Committee reviews his report, which includes the results of all reviews and testing conducted by management and internal audit, at each meeting.

Cyber security has now become a key component of ICT governance and forms part of the Legislatures ICT governance and risk agenda.

CONCLUSION

The Audit and Risk Committee remains committed in supporting the Accounting Officer and Management in pursuit of its mandate and in maintaining clean administration. The Audit and Risk Committee expresses its sincere appreciation to the Honorable Speaker, the Secretary, Management, Internal Audit, and the AGSA for their co-operation in enabling the Committee to fulfil its responsibilities.

Silas Hlophe
Chairperson of the Audit and Risk Committee
KZN LEGISLATURE
Date: 26 August 2021

KwaZulu-Natal Political Parties' Fund

Audit Report for the year ended 31 March 2021

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on KwaZulu-Natal Political Parties' Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Political Parties' Fund set out on pages 110 to 122, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and cash flow statement 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 KwaZulu-Natal Political Parties' Fund as at 31 March 2021 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the KwaZulu-Natal Funding of Represented Political Parties Act of 2008 (KZNFRPPA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the fund 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.

Disestablishment of the fund

7. I draw attention to note 12 in the financial statements, which indicates the disestablishment of the fund due to the amendment in the legislative prescripts. Management has also described the nature of the transfer of assets, liabilities, rights duties and obligations to the KwaZulu-Natal Legislature as provided in the KwaZulu-Natal Funding of Represented Political Parties Act Repeal Act, 6 of 2021. My opinion is not modified in respect of this matter.

Responsibilities of the accounting officer for the financial statements

8. 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 KZNFPPA, 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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the fund'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 fund or to cease operations, or has no realistic alternative but to do so.

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

10. 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.

11. 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

12. 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.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the fund'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 fund 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.

14. 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 Political parties fund programme presented in the fund's annual performance report for the year ended 31 March 2021.

15. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the Political parties' fund programme.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the fund's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. 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.

20. 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.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. 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

23. 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. I did not identify any significant deficiencies in internal control.

Auditor - General

Pietermaritzburg

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programmes and on the fund'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 fund'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 KwaZulu-Natal Political Parties' Fund 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 fund to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

KWAZULU-NATAL POLITICAL PARTIES' FUND

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Funding of political parties represented in the KwaZulu-Natal Legislature
Registered office	244 Langalibalele Street Albertina Sisulu Building Pietermaritzburg 3201
Business address	244 Langalibalele Street Albertina Sisulu Building Pietermaritzburg 3201
Postal address	Private Bag X91112 Pietermaritzburg 3201
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa
Accounting Officer	Ms. Nerusha Naidoo

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Index

The reports and statements set out below comprise the annual financial statements presented to the Provincial Legislature:

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the KwaZulu-Natal Funding of Represented Political Parties Act, 2008 (Act No. 7 of 2008), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were 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 Standards 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 she is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all employees are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour 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.

In terms of the KwaZulu-Natal Funding of Represented Political Parties' Act Repeal Act no.6 of 2021, the Fund has been wound up and disestablished. the KwaZulu-Natal Legislature is, in respect of the asset, liabilities, rights, duties and obligations, for all purposes, the successor in-law, of the disestablished Political Parties' Fund.

The annual financial statements set out on pages 114 to 122, which have not been prepared on the going concern basis, were approved and signed by the accounting officer on behalf of the Fund.

Ms. N. Naidoo
Accounting Officer

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	31 March 2021 R	31 March 2020 R
Assets			
Current Assets			
Receivables from non-exchange transactions		-	8
Cash and cash equivalents		-	496 705
		-	**496 713**
Total Assets		**-**	**496 713**
Liabilities			
Current Liabilities			
Transfers payable (non-exchange)	3	-	350 000
Total Liabilities		**-**	**350 000**
Net Assets		**-**	**146 713**
Accumulated surplus		-	146 713

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Performance

	Note(s)	31 March 2021 R	31 March 2020 R
Revenue			
Revenue from exchange transactions			
Interest received on current bank account		197 600	373 518
Revenue from non-exchange transactions			
Transfer revenue			
Annual appropriation		40 000 000	40 000 000
Total revenue		**40 197 600**	**40 373 518**
Expenditure			
Transfers and Subsidies	4	(40 000 000)	(40 000 000)
General Expenses	5	(109 103)	(163 170)
Total expenditure		**(40 109 103)**	**(40 163 170)**
Surplus for the period		**88 497**	**210 348**

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 April 2019	**(63 635)**	**(63 635)**
Changes in net assets		
Surplus for the	210 348	210 348
Total changes	210 348	210 348
Balance at 01 April 2020	**146 713**	**146 713**
Changes in net assets		
Deficit for the period	88 497	88 497
Transfer to KZN Legislature on disestablishment of the Fund	(235 210)	(235 210)
Total changes	(146 713)	(146 713)
Balance at 31 March 2021	**-**	**-**

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Note(s)	31 March 2021 R	31 March 2020 R
Cash flows from operating activities			
Receipts			
Annual allocation received		40 000 000	40 000 000
Interest income		197 600	373 518
		40 197 600	40 373 518
Payments			
Transfers to represented political parties		(40 349 992)	(39 650 008)
Transfer to KZN Legislature on disestablishment of the Fund		(235 210)	-
Payments to suppliers		(109 103)	(3 261 219)
		(40 694 305)	(42 911 227)
Net cash flows from operating activities	6	**(496 705)**	**(2 537 709)**
Net (decrease) / increase in cash and cash equivalents		**(496 705)**	**(2 537 709)**
Cash and cash equivalents at the beginning of the year		496 705	3 034 414
Cash and cash equivalents at the end of the year		**-**	**496 705**

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the KwaZulu-Natal Funding of Represented Political Parties Act, 2008 (Act No. 7 of 2008).

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 applied in the preparation of these annual financial statements, are disclosed below.

1.1 Going concern assumption

These annual financial statements were not prepared as a going concern for the foreseeable future and beyond, as the Fund has been disestablished in terms of the KwaZulu-Natal Funding of Represented Political Parties Act Repeal Act No.6 of 2021. Accordingly assets are measured at their liquidation values (representing the impaired values thereof) and liabilities are measured at their exit values. The disestablishment of the Fund is further explained in note 12.

1.2 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 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.

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.

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.

Classification

The Fund has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash	Financial asset measured at amortised cost

The Fund has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payable from exchange transactions	Financial liability measured at amortised cost

KwaZulu-Natal Political Parties' Fund
Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.2 Financial instruments (continued)

Initial recognition

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

The Fund recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Fund 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.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

1.3 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 fund receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Interest

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

1.4 Revenue from non-exchange transactions

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

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

Annual appropriation

The KwaZulu-Natal Legislature transfers, annually, monies to the fund for the benefit of the represented political parties. The funds are allocated by the fund to represented political parties. On receipt of the allocation an asset and revenue is recognised as there is no obligation to return or past practice of returning unspent funds to the Legislature.

Services in-kind

The Fund uses information technology and human resources of the Legislature to deliver on its mandate. These services in-kind are not significant to the operations of the fund and cannot be reliably measured hence not recognised but required disclosure is made in the Annual Financial Statements.

1.5 Commitments

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

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies

1.6 Related parties

As consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

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.

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

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

1.7 Events after reporting date

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

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

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

The Fund 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.

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	31 March 2021 R	31 March 2020 R
2. Payables from exchange transactions		
3. Transfers payable (non-exchange)		
Transfers payable	-	350 000
4. Transfers and subsidies		
African National Congress	18 600 000	18 959 158
Inkatha Freedom Party	6 200 000	6 071 245
Democratic Alliance	5 400 000	5 393 225
Economic Freedom Fighters	4 200 000	3 989 927
National Freedom Party	1 400 000	1 637 179
Minority Front	1 400 000	1 433 882
African Christian Democratic Party	1 400 000	1 257 692
African Transformation Movement	1 400 000	1 257 692
	40 000 000	**40 000 000**
5. General expenses		
Advertising	-	18 158
Auditors remuneration	108 003	143 722
Bank charges	1 100	1 290
	109 103	**163 170**
6. Net cash flows from operating activities		
Surplus	88 497	210 348
Changes in working capital:		
Other receivables from non-exchange transactions	8	(8)
Payables from exchange transactions	-	(98 049)
Transfers payable (non exchange)	(350 000)	(2 650 000)
Transfer to Legislature	(235 210)	-
	(496 705)	**(2 537 709)**

7. Services in-kind

The Secretary of the KwaZulu-Natal Legislature is the accounting officer to the Fund. The staff of the Legislature carry out work related to the Fund alongside other duties assigned to them by the Legislature. Physical resources and information technology infrastructure of the Legislature is used to carry out the business of the Fund. These services in-kind are not significant to the operations of the fund and cannot be reliably measured hence not recognised.

8. Commitments

Authorised operational expenditure

	31 March 2021 R	31 March 2020 R
Legally committed commitments		
• Transfer to represented political parties	-	40 000 000
Total operational commitments		
Legally committed expenditure	-	40 000 000

KwaZulu-Natal Political Parties' Fund

Annual Financial Statements for the year ended 31 March 2021

Notes to the Annual Financial Statements

	31 March 2021 R	31 March 2020 R

9. Related parties

Relationships	
Controlled entities	KwaZulu-Natal Legislature
Members of key management	Ms N Naidoo (Secretary) Mr M Nkopane (Executive Manager: Financial Services) Mr Z Memela (Executive Manager: Parliamentary Services)

KwaZulu-Natal Legislature Related Party Transactions and Balances

	2021	2020
Appropriation	40 000 000	40 000 000

10. Risk management

Financial risk management

The Fund's activities have a limited exposure to market risk, credit risk, liquidity risk and cash flow risk. Risk management is carried out by the executive committee under policies approved by the accounting officer. The KwaZulu-Natal Legislature provides written policies for overall risk management, as well as written policies covering specific areas, such as investing excess liquidity. The Represented Political Parties' Fund is managed by the KwaZulu-Natal legislature, taking the stipulations of the KwaZulu-Natal Legislature Funding of Represented Political Parties' Fund Act 07 of 2008 into account.

Liquidity risk

The Fund's risk to liquidity is minimal as cash outflows for the year are matched to annual allocation received at the beginning of the year from the Legislature. The operations of the fund are wholly funded from these allocated funds.

Credit risk

Credit risk consists of cash deposits and receivables only. The Fund deposit cash with major banks with high credit standing only.

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

	2021	2020
Bank balances	-	496 705
Receivables from non-exchange transactions	-	8
	-	**496 713**

11. Events after the reporting date

There are no events after reporting period that qualified for disclosure or warrant adjustment of transactions or balances at reporting date.

12. Disestablishment of the Fund

Following the determination by the President of the Republic, that the Political party Funding Act of 2018 will commence on 01 April 2021, the KZN Legislature repealed the KwaZulu-Natal Funding of Represented Political Parties Act of 2008, the Repeal Act was assented to by the Premier of the KwaZulu-Natal Province on 31 March 2021. The repeal was processed to ensure compliance with both the national Act and the Constitution.

The national Act provide that legislatures may not fund Political Parties represented in the legislature other than through section 116 of the Constitution i.e. in terms of its Rules and Orders (not provincial legislation).

in terms of the Repeal Act, the Fund has been wound-up and disestablished. The KwaZulu-Natal Legislature is , in respect of the assets, liabilities, rights, duties and obligations, for all purposes, the successor in-law of the disestablished Political Parties Fund.

Report on Predetermined Objectives by the KwaZulu-Natal Political Parties Fund for the year ending 31 March 2021

GOAL	KEY PERFORMANCE INDICATOR	TARGET	PERFORMANCE RESULTS	TYPE OF EVIDENCE	REASONS FOR VARIANCE
Allocate funds to political parties in accordance with regulations (Para 6(1))	Schedule of allocations for the 2020/21 financial year	Allocations made at 80% proportionally and 20% equally	Payments made at 80% proportionally and 20% equally	Schedule of allocations for the 2020/21 financial year	NIL
Pay allocations in four equal instalments (Regulation Para 2(2))	Bank statement	Allocations paid in 4 instalments to political parties.	Payments / transfers to political parties	Bank statement	NIL
Publish a notice in the Gazette setting out the allocations made from the Political Parties' Fund in 2019/20 financial year (Section 7(1))	Copy of the gazette	Gazette the details after the end of the financial year	PPF allocation gazetted	Gazette	NIL
Receive audited AFS from political parties by 30 June 2021 (section 8(7))	Audited AFS from political parties expected by 30 June 2021	Audited AFS from political parties	Audited AFS from all political parties submitted as expected on time	Audited AFS	Due by 30 June 2021
Submit PPF AFS by 31 May 2021 to AG	Letter of acknowledgement by AG	31 May 2021	Submitted AFS by 31 May 2021	Letter of acknowledgement by AG	Due by 31 May 2021

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