LIMPOPO LEGISLATURE

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VOTE 02

ANNUAL REPORT

2020/21

LIMPOPO LEGISLATURE

It's your voice, use it!

ANNUAL REPORT

2020/21

FINANCIAL YEAR

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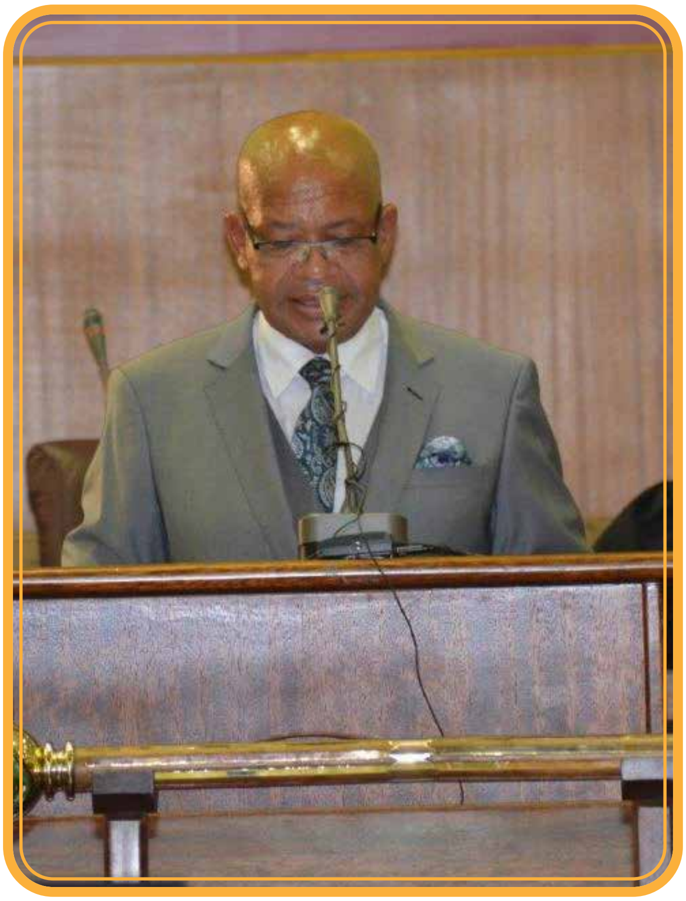
PART A

GENERAL INFORMATION



1. PART A: GENERAL INFORMATION

Physical Address:
Limpopo Legislature
Lebowakgomo Government Complex
Lebowakgomo

Postal Address:
The Secretary
Limpopo Legislature
Private BagX 9309
Polokwane
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Website: www.limpopoleg.gov.za

1.1 Abbreviations and Acronyms

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

1.2 VISION, MISSION, VALUES AND MANDATE

VISION

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

MISSION

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

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

VALUES

The core values that the legislature espouses are:

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

MANDATE

- Law making
- Oversight
- Public Participation

SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

In accordance with section 55 of the Financial Management Act of Parliament and Provincial Legislatures (Act no. 10 of 2009), I hereby submit the institution's Annual Report for the 2020/21 financial year, in my capacity as an accounting Officer for the Limpopo Legislature.

1.3 LEGISLATIVE MANDATE

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

114 (1) In exercising its legislative powers, a provincial legislature may-

- (a) Consider, pass, amend or reject any Bill before the Legislature; and
- (b) Initiate or prepare legislation, except money Bills.

114 (2) A provincial legislature must provide for mechanisms-

- (a) Ensure that all provincial executive organs of state in the province are accountable to it; and
- (b) To maintain oversight of-
  - (i) The exercise of provincial executive authority in the province, including the implementation of legislation; and
  - (ii) Any provincial organ of state.

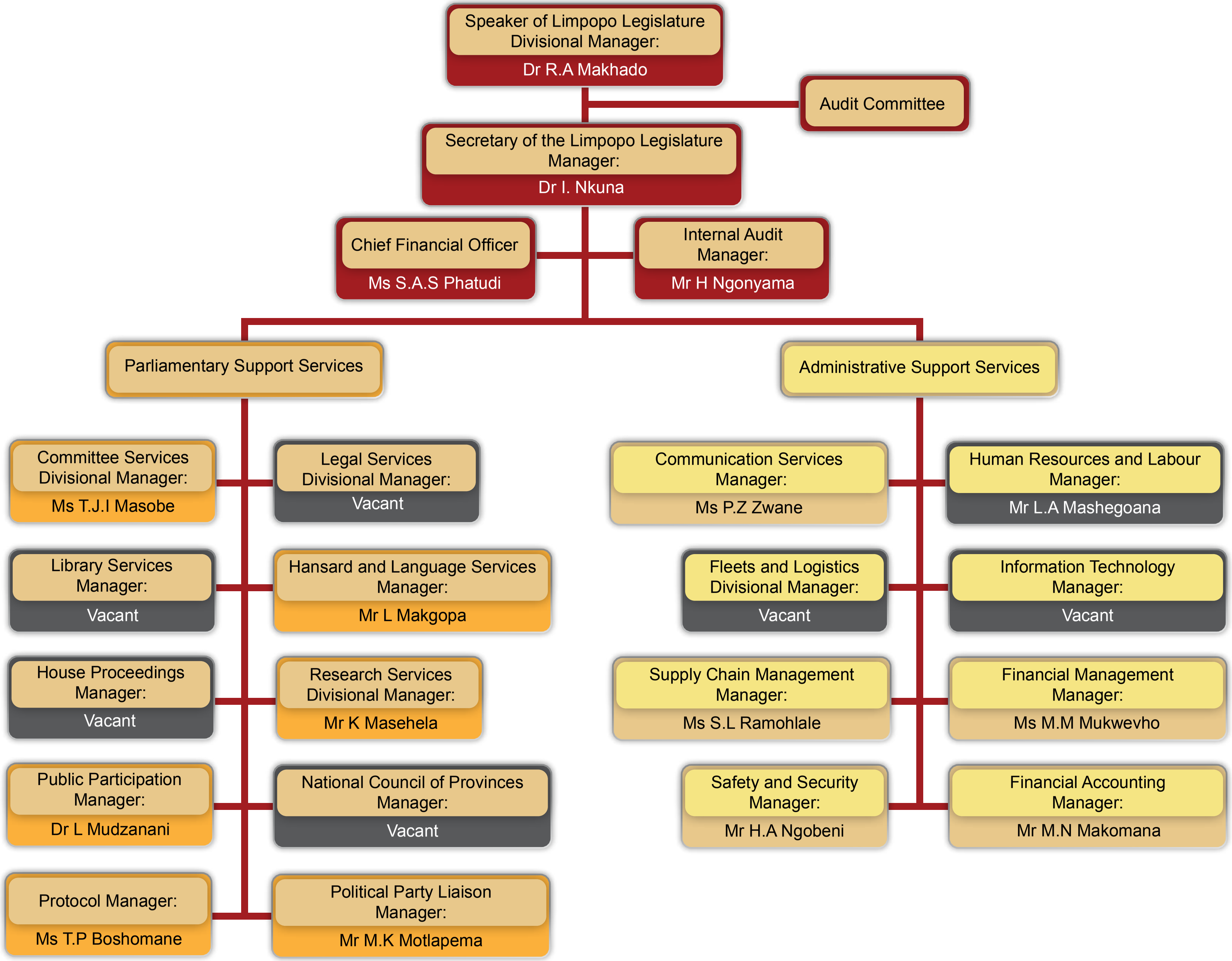
116 (2) Provide financial and administrative assistance to each party represented in the Legislature, in proportion to its representation, to enable the party and its leader to perform their functions in the Legislature, effectively.

118 (1) A provincial legislature must facilitate public involvement in the legislative and other processes of the Legislature and its Committees.

- Financial Management Act of Parliament and Provincial Legislatures (Act no. 10 of 2009)

LIMPOPO LEGISLATURE

1.4 APPROVED MACRO STRUCTURE OF THE LIMPOPO LEGISLATURE: 09 SEPTEMBER 2008



Hon. RR Molapo
Speaker

THE SPEAKER'S STATEMENT

This annual report details the performance of the Limpopo Legislature in the 2020/21 financial year. Worth noting is that the 2020/21 Annual Performance Plan (APP) which is the basis of this report was implemented under difficult circumstances given the budgetary constraints and the Covid-19 environment that affected the operations of the institution. The covid-19 situation which was characterized by lockdowns and restrictions affected our capacity to pursue our core mandates of oversight, law making and public participation. The Legislature was however able to use the available technology and innovation to meet most of its targets notwithstanding the challenges alluded to above. In line with the above, the Legislature was able to conduct virtual and hybrid sittings depending on the level or state of the Covid-19 in the country.

As part of our mission of ensuring meaningful public participation, the legislature employed various approaches to enhance the involvement of communities in the legislative processes. It should be noted that although the year under review was a very difficult year, the Legislature was able to achieve more than what was targeted in terms of site visits. These visits were fundamental as oversight on the work of the Executive remains critical during times when communities are vulnerable due to the covid-19 environment.

As can be seen in our annual report, communities were also able to petition the legislature on matters that affected them, especially in relation to service delivery. The Legislature remained true to its strategic objective of being the vanguard of the people by ensuring that the concerns voiced by communities were effectively responded to in order to create a better life for our people. More resources will be needed to ensure that poor and vulnerable communities can participate through the existing technological provisions. Drawing from the lessons and challenges of the 2020/21 financial year, we will work hard to improve and intensify our mandate of oversight to ensure that we do not quiver from our mandate of being the vanguard of the people by constantly striving for excellence and continuous improvement which informs the implementation on of our business plan in the coming financial year.

Molapo, RR
Speaker: Limpopo Legislature

S Mothoa
Secretary

SECRETARY'S OVERVIEW

This report represents the institution's performance and challenges in the year 2020/21. In the year under review, the Legislature was able to conduct oversight by scrutinizing Annual Performance Plans and budgets of various government Departments in the 4th Quarter of 2020/21 financial year. This was achieved through committee meetings, analysis of the strategic documents and debates in the house. Being the engine of the Legislature Committees were able to go an extra mile in order to hold Executive Departments accountable.

Although the Covid-19 posed a challenge in terms of involvement of communities, the Legislature made provisions to ensure that where possible they exercise their constitutional rights through public participation channels and by petitioning the legislature on issues that affected them. In the year under review, a total of 13 petitions were received, acknowledged, and referred to departments for implementation. These petitions covered a wide range of issues, most of which were service delivery related. The relevant committees of the legislature followed up on the issues to ensure that challenges facing communities were addressed. The extent at which these issues were dealt with marked the importance of the developmental role of the Legislature. Some of the challenges in the year under review are that the Legislature could not fully attain some of its objectives due to the Covid-19 pandemic and budgetary cuts. It should be noted that the institution and the rest of the province were gravely affected by the above situation.

The Legislature was hard hit given the fact that the implementation of the core mandates requires some level of public participation. In order to minimize the impact we have where possible resorted to virtual interaction depending on the level of sophistication of the stakeholders, resources and the feasibility of implementing such connection. We hope the situation created by Covid-19 will somehow improve in the subsequent financial years following the roll out of the vaccine. It is crucial to note that the 2020/21 APP was implemented within the challenging and complex environment as outlined above. However, committees have been working hard to ensure that the gaps are minimized. They were able to hold 112 meetings in order to hold the executive accountable. A total of 29 oversight visits were conducted which is one of the highest as compared to most financial years. Despite the constraints mentioned above, the Legislature was able to achieve some of the most critical targets. It is hoped that other things being equal the outstanding gaps identified in the report will be closed in the 2021/22 financial year.

S Mothoa
Secretary: Limpopo Legislature

PART B
PROGRAMME PERFORMANCE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PART B

Programme 1: Administration

Office of the Speaker

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide political leadership and financial oversight to the Legislature	Number of sittings	Quarterly and Annually	22 sittings	26 sittings	Sittings are determined by the Legislative programme
	Number of programming Committee Meetings	Quarterly and Annually	15 Programming Committee Meetings	13 Programming Committee meetings	Meetings are determined by the programme of the Legislature
	Number of internal arrangement meetings	Quarterly and Annually	4 internal arrangement meetings	4 internal arrangement meetings	Target achieved
	Number of In-Year-Monitoring reports, AFS and IFS reports	Quarterly and Annually	12 In-Year-Monitoring reports, 1 AFS and 1 IFS	12 In-Year-Monitoring reports, 1 AFS and 1 IFS	Target achieved

Office of the Secretary

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide strategic direction and administrative support	Number of Strategic documents developed, reviewed and monitored	Quarterly and Annually	4 quarterly reports 1 Annual report	4 quarterly reports 1 Annual report	Target achieved
		Quaterly and Annually	2021/22 APP tabled	2021/22 APP tabled	Target achieved
	Number of administrative policies developed/reviewed	Quarterly and Annually	4 policies	3 Policies	Policies are determined by institutional policy needs and existing gaps

	Number of Risk management reports produced	Quarterly and Annually 1	1 Risk assessment report and 3 implementation reports	1 Risk assessment report and 3 implementation reports	Target achieved
	Number of management meetings held	Quarterly and Annually	8 management meetings	9 management meetings	Management meetings are depended on the strategic focus and priority of management

Financial Management

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide effective financial management	Number of MTEF budget reports produced	Quarterly and Annually	3 MTEF Budget reports	3 MTEF Budget reports	Target achieved
	Number of In-year Monitoring reports, AFS, IFS produced	Monthly, Quarterly and Annually	12 In-Year-Monitoring report, 1 AFS, 1 IFS	12 In-Year-Monitoring report, 1 AFS, 1 IFS	Target achieved
	Number of inventory, stocktaking and asset verification, reports produced	Monthly, Quarterly, and Annually	4 inventory stocktaking reports 2 asset verification reports	4 inventory stocktaking reports 1 assets verification report	Target achieved Covid-19 restritions and complications in one of the quarters. Verification had to be done physically.

Corporate Services

Fleet Management and Logistics

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide fleet and logistics services	Number of vehicles purchased and maintained	Quarterly and Annually	5 Vehicles purchased	8 Vehicles purchased	The purchase of vehicles is depended on institutional needs, budget and condition of existing fleet.
			36 Vehicles maintained	35 Vehicles maintained	One vehicle experienced mechanical breakdown
	Number of events where transport and logistical services were provided	Quarterly and Annually	4 events	1 event	Events are determined by the programme of the Legislature which was restricted due to Covid-19

Human Resource Management

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide effective human resource management	Number of posts filled	Quarterly and Annually	10 posts filled	13 posts filled	Appointments are done as per the human resources needs, plan and budget of the institution
	Number of employees trained	Quarterly and Annually	80 employees	None	Covid-19 pandemic and budget cut
	Number of bursaries awarded	Quarterly and Annually	41 bursaries awarded	13 bursaries awarded	Bursaries are awarded as per number of applications received and the available budget.
	Number of Interns employed	Quarterly and Annually	8 interns Employed	None	Budgetary constraints.

	Number of collective agreements facilitated	Quarterly and Annually	1 collective agreement	None	Collective bargaining done at sectoral level
	Number of workshops on policies	Quarterly and Annually	4 policy workshops	2 Policy workshops	Workshops were restricted due to Covid-19
	Number of wellness awareness programmes	Quarterly and Annually	1 wellness programme	None	Wellness programmes were restricted due to Covid-19

Communication Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To establish and maintain effective and efficient communication	Number of publicized events	Quarterly and Annually	5 events	7 events	Events are determined by the programme of the institution
	Number of radio slots/interviews	Quarterly and Annually	5 Radio slots/interviews	9 radio slots	Radio slots are done on request
	Number of TV slots	Quarterly and Annually	1 TV slot	1 TV Slot	Target achieved

Information Technology

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide secure and effective ICT support services to the Legislature	Number of Financial and communication management system reports	Quarterly and Annually	4 system maintenance reports	4 system maintenance reports	Target achieved
	Number of security system maintenance reports	Quarterly and Annually	4 security system maintenance reports	4 security system maintenance reports	Target achieved
	Number of ICT software and hardware asset management system	Quarterly and Annually	4 reports of ICT Asset management system reports	4 ICT assets management system reports	Target achieved

Internal Audit

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To ensure sound internal control system	Number of Internal audit reports and	Quarterly and Annually	6 audit reports	6 audit reports	Target achieved
	Audit commitee meetings	Quarterly and Annually	4 audit committee meetings	5 Audit committee meetings	An additional meeting was requested by AC focus on important business of the Committee

Members Safety and Security

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Provision of safety,security and ceremonial services	Number of reports of on seargeant at arms services rendered in the House	Quarterly and Annually	4 House sittings reports	2 House Sittings reports	Sittings held virtually in some quarters due to covid-19. Sergent at arms services were not required in that context.
	Number of security system Maintenance reports	Quarterly and Annually	4 maintenance report	None	Maintenance reports to be produced once the security system is fully functional following the renovation of the building

Programme 2: Facilities for Members and Political Parties

Political Support Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To provide administrative and financial support services to political parties	Percentage (%) of funds allocated and transferred to political parties	Quarterly and Annually	100% of funds transferred to political parties	100% of funds transferred to political parties	Target achieved
	Number of training sessions	Quarterly and Annually	2 training sessions	None	Training sessions are provided on request
	Number of Political Parties trips	Quarterly and Annually	55 political parties trips	17 political parties trips	Political parties trips are dependent on requests and needs from political parties

Parliamentary Exchange and Protocol

Strategic Objective	Performance Measure/Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To render protocol services and coordinate parliamentary exchange programmes	Number of international engageements coordinated	Quarterly and annually	2 international engagements	None	Covid-19 restrictions.
	Number of administered CPA activities	Quarterly and annually	4 CPA events	None	CPA events are depended on the CPA programme which has been affected by the outbreak of the covid-19 pandemic

Programme 3: Parliamentary Services

Library and Records Management

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Quality information and registry services provided	Number of Library books/ materials acquired	Quarterly and Annually	50 Library books purchased	5 Library books purchased	There was a delay in the purchase process due to covid-19 restrictions
	Number of files of records issued/ received by the Registry Office	Quarterly and Annually	4 files of records issued/received by the registry office	4 file of records issued/received by the registry office	Target achieved

Research Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Provision of quality research services to the Legislature	Number of proactive research reports produced	Quarterly and Annually	30 research reports	126 research reports	Research reports are determined by focus areas and Committee needs at the time
	Number of departmental and public entities APP's strategic documents analysed	Quarterly and Annually	120 reseach reports	127 research reports	There were less research documents to analyze than targeted (reactive research)
	Number of Legislation analysed	Quarterly and Annually	4 Bills	7 Bills	Analysis of bills done on request

House Proceedings

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Provision of procedural and administrative services to the House	Number of House sittings organized	Quarterly and Annually	22 sittings	26 Sittings	Sittings are determined by the Legislative programme
	Number of Legislation facilitated	Quarterly and Annually	12 Bills	4 Provincial Bills	Bills are determined by Executive Departments and NCOP
	Number of ceremonial functions coordinated	Quarterly and Annually	1 Ceremonial function	1 Ceremonial function	Target Achieved

NCOP Liaison Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To facilitate and coordinate NCOP services	Number of NCOP legislation facilitated	Quarterly and Annually	8 NCOP Bills	16 Bills	Bills are determined by the NCOP
	Number of NCOP events coordinated	Quarterly and Annually	4 NCOP events	2 NCOP events	Events are depended on the NCOP programme which has been affected by the covid-19 outbreak
	Number of NCOP plenaries/joint sittings of parliament attended	Quarterly and Annually	20 NCOP plenaries/joint sittings of parliament attended	41 NCOP plenaries /Joint sittings parliament attended	NCOP Plenaries /joint sittings determined by NCOP programme

Committee Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To facilitate oversight and law making processes	Number of oversight committee meetings organised	Quarterly and Annually	104 Oversight Committee meetings	112 Oversight committee meetings	Committee meetings are determined by the programme of Committees
	Number of site visits facilitated	Quarterly and Annually	6 site visits	29 site visits	Site visits determined by the programme of Committees and focus areas.
	Number of Legislation facilitated	Quarterly and Annually	12 Bills	8 Bills	Bills are depended on the provincial departments and the NCOP
	Number of oversight reports facilitated	Quarterly and Annually	100 oversight reports	187 oversight reports	The number of reports is determined by the magnitude of committee oversight work conducted
	Number of Workshops	Quarterly and Annually	3 Workshops	1 Workshop	Workshops are organized on request and training needs.
	Number of SCOPA public hearings	Quarterly and Annually	17 SCOPA public hearings	11 SCOPA public hearings	SCOPA public hearings are depended on the programme of the Legislature and Committee priority areas.

Legal Services

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Provide advisory legal services to the legislature	Number of contracts drafted	Quarterly and Annually	12 contracts	15 contracts	Contracts are drafted on request
	Number of Legal opinions compiled	Quarterly and Annually	12 legal opinions	2 legal opinions	Legal opinions are drafted as per request

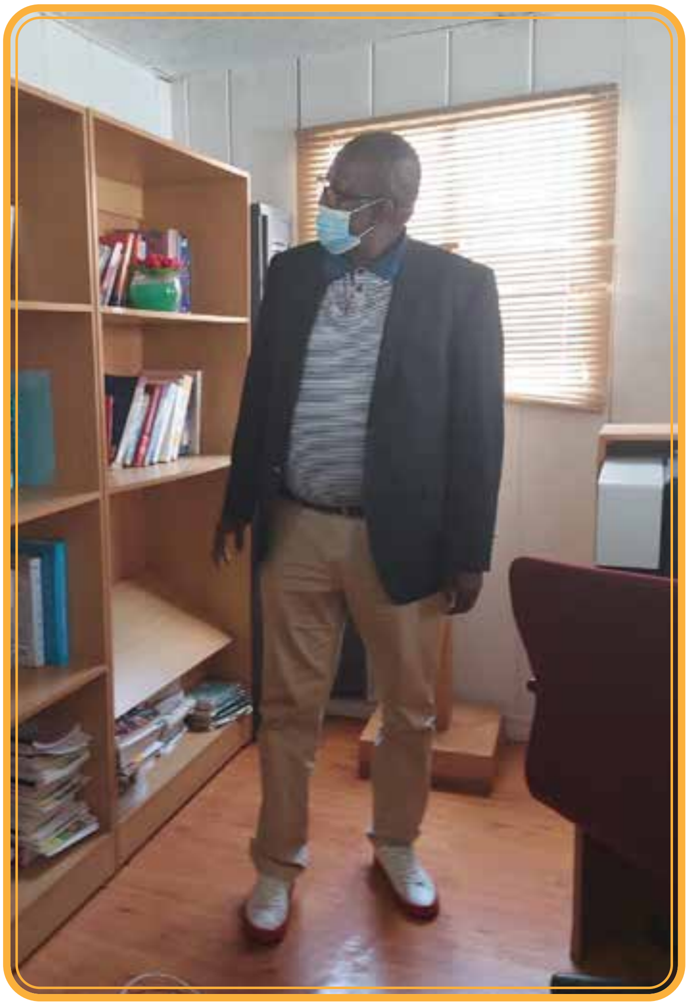
Public Participation and Petitions

Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
To promote public involvement and education in the legislation process	Number of educational workshops conducted	Quarterly and Annually	4 Workshops	None	Covid-19 restrictions made it difficult to arrange these types of workshops (in consideration of the stakeholders involved)
	Number of sectoral Parliaments organised	Quarterly and Annually	2 sectoral parliaments	2 sectoral parliaments	Target achieved
	Number of Public Hearings organised	Quarterly and Annually	5 Public hearings	2 Public hearings	Public hearings are depended on the programme of the Legislature and Committees
	Number of petitions received/processed	Quuaterly and Annuually	24 Petitions	13 petitions	The number of petitions is depended on submissions received/processed.

Hansard and language Services

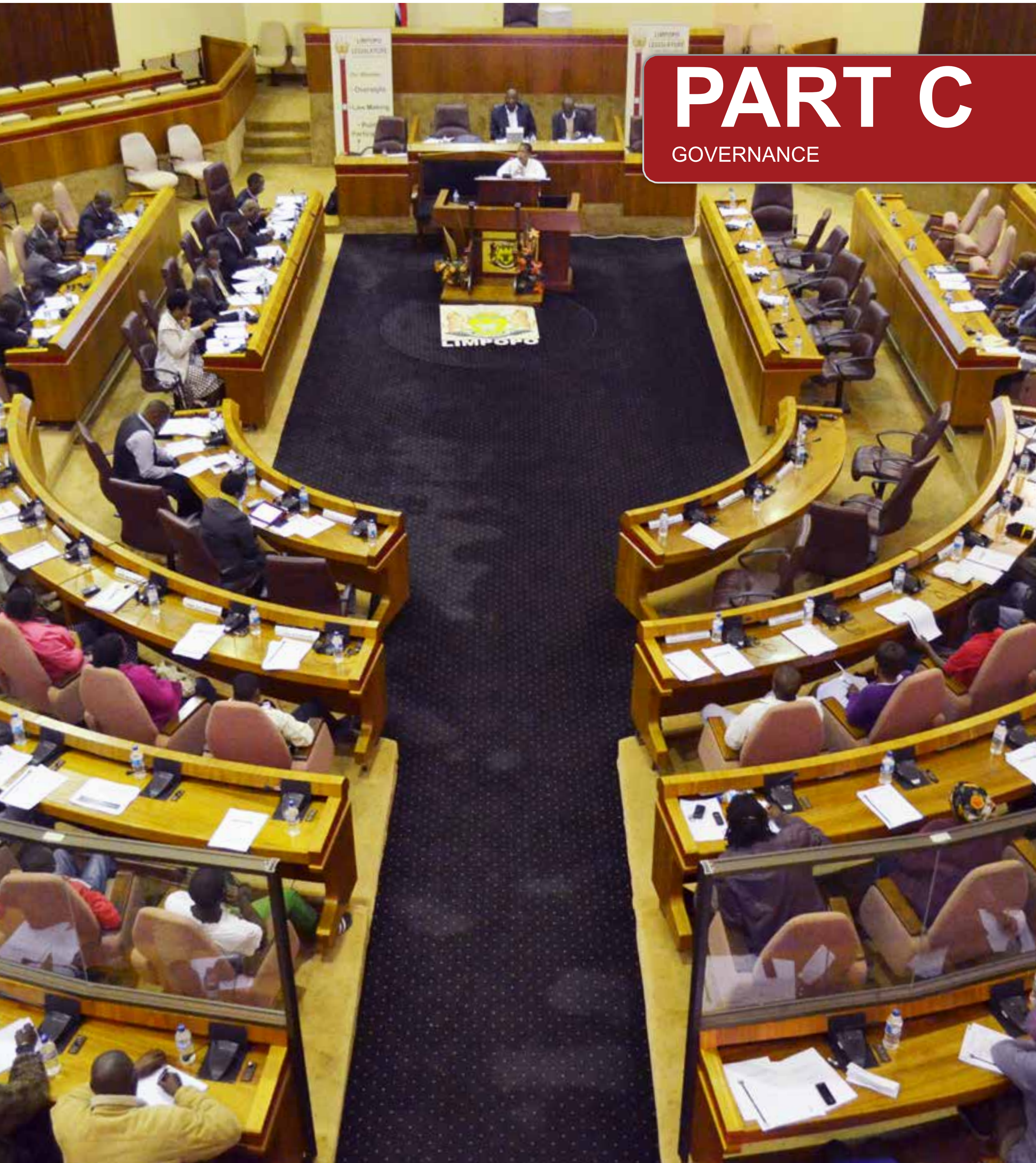
Strategic Objective	Performance Indicator	Reporting period	Annual Target 2020/21	Actual Output	Reasons for Variance
Provision of Hansard and Language services to the House	Number of Hansard reports and volume produced	Quarterly and Annually	22 reports and 1 volume of Hansard	24 reports and 1 volume of Hansard	Hansard reports are depended on the number of House sittings held and Hansard recordings
	Number of House sittings minutes translated	Quarterly and Annually	22 translated house sittings minutes	13 translated house sittings minutes	The number of minutes is depended on the number of sittings and the availability of minutes for translation by Hansard


Collisions



PART C

GOVERNANCE



3. PART C: GOVERNANCE

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

Governance structures:

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

3.1 Risk management

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

3.2 Fraud and corruption

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

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

3.3 Code of conduct

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

3.4 Occupational Health and Safety

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

3.5 Audit Committee

The Audit Committee has adopted formal terms of reference (Audit Charter). It assists and advices the Speaker and the Accounting Officer in fulfilling oversight responsibilities for the financial reporting process, the system of internal control and management of institutional risks. The Audit Committee held 5 meetings for the period under review and has indeed been independent and effective in discharging its responsibilities.

3.6 REPORT OF THE AUDIT COMMITTEE ON THE LIMPOPO LEGISLATURE

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

Audit Committee Responsibility

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

Audit Committee and attendance of meetings

The Audit Committee members are listed hereunder and are expected to meet four times or more when need arise per annum as per its approved terms of reference. During the financial year under review 5 meetings were held as follows:

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

Meetings dates: 29 May 2020; 26 August 2020; 19 October 2020; 14 December 2020 and 19 March 2021.

The Effectiveness of Internal Control

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

The Audit Committee resolutions were implemented on a continuous basis and that contributed towards the audit outcome as outlined by the Auditor General.

Evaluation of the Budget and Treasury function

The Legislature has required competencies at various management levels. The Legislature received an unqualified audit opinion with findings.

Risk Management

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

The adopted modality is an efficient of Risk Management processes as it ensures an alignment of the reported findings of the Internal Audit and the Legislature's performance on its objectives.

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

IT Governance

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

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

The Audit Committee noted the issues raised by the Auditor General which need management urgent attention:

- No backup policy in place for SAGE Business Solutions due to management from ICT not taking into consideration the new system and the software being used for backups, replication and restores of backups, thereby not updating the backup accordingly;
- Inadequate Change Management process: Patch Management; and
- There is no Disaster Recovery policy and procedure in place for SAGE

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Annual Financial Statements and the predetermined objectives

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

The Audit Committee noted with concern the material misstatements identified by Auditor General and subsequently corrected by management:

- Service in Kind not recognized in the Annual financial statement; and
- Incorrect classification of the financial statements.

We have reviewed the institution’s implementation plan for audit issues raised in the previous year and we were satisfied that the matters have been adequately resolved.

The Audit Committee resolved that management should develop an action plan to address all issues raised in the AG Management report 2020/21.

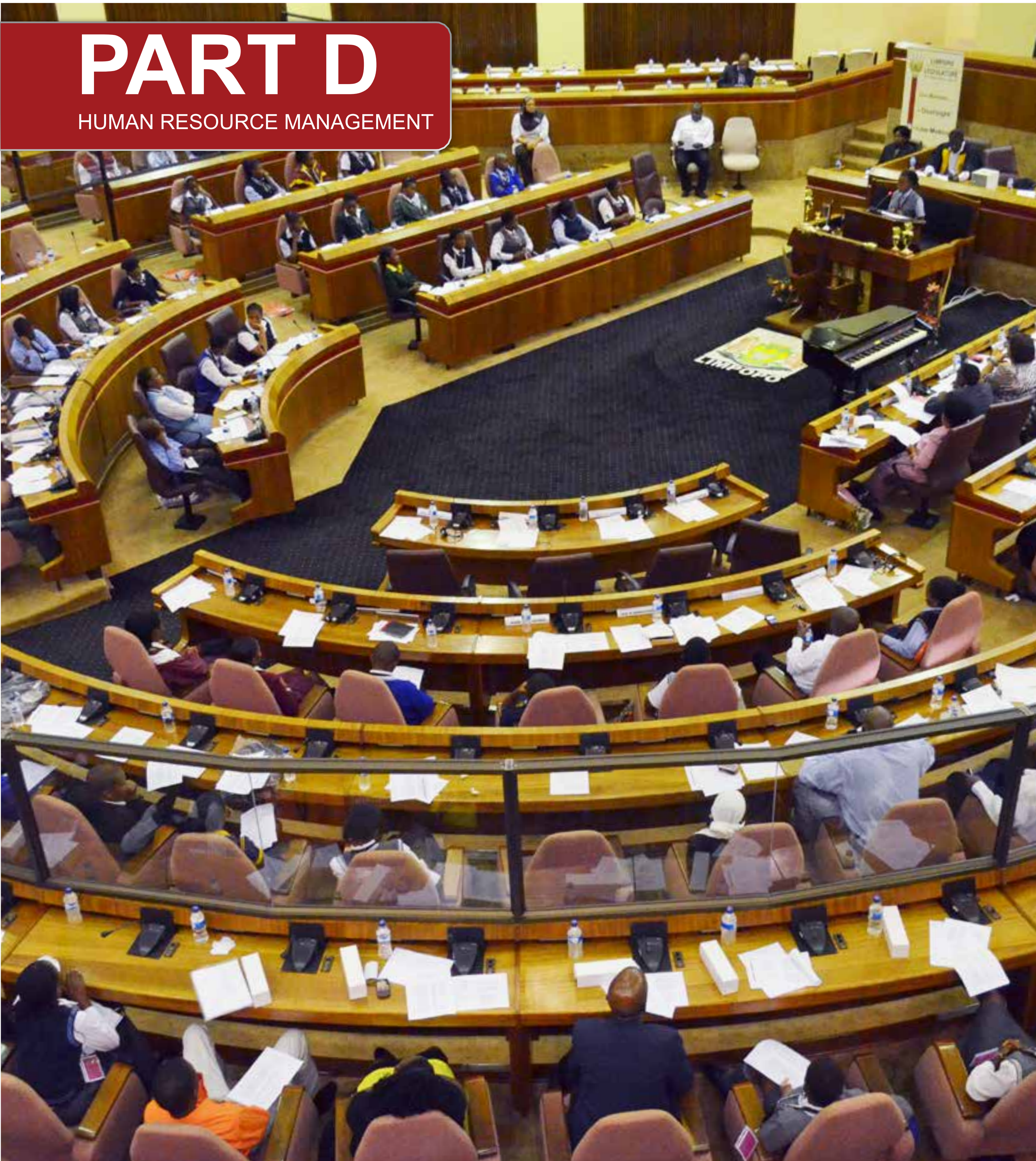
The Audit Committee noted the Legislature for a slight regressed in 2020/21 audit outcome to unqualified with material findings.

The Audit Committee concurs and accepts the conclusions of the Auditor-General’s on the Annual Financial Statements and Predetermined Objectives for 2020/21 and is of the opinion that the audited Annual Financial Statements and Predetermined Objectives should be accepted and read together with the report of the Auditor-General of South Africa.

Ms NJ Manthata
Chairperson of the Audit Committee
Limpopo Legislature
31 July 2021

PART D

HUMAN RESOURCE MANAGEMENT



4. PART D: HUMAN RESOURCE DEVELOPMENT

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

Introduction

Overview of HR matters at the Legislature:
In the year under review employees were capacitated through the provision of 13 bursaries to eligible applicants to pursue studies in disciplines that will add value to their work. It is also worth noting that in the 2020/21 financial year, only HR and Finance modules of the Sage system were procured. More training will be required in the next financial to ensure that employees are competent to effectively deal with the programme.

HR priorities for the year under review and their impact:
The HR priorities for the year under review are reflected in the key performance indicators of the section in the 2020/21 financial year. As noted above, Human Resource Development remains critical for the achievement of all the strategic goals and objectives. We believe that the development of staff have significantly contributed to the Legislature's attainment of most of its set targets and objectives as outlined in the Annual Performance Plan and HR strategy.

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

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

Employee wellness programme:
Employee wellness programmes are in place in the form of referral of our employees to relevant institutions and participation in wellness activities aimed at empowering our employees holistically in various aspects of life.

Policy development:

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

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

Future HR plans/goals:
The process of finalizing the review of organizational structure is at an advance stage.

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

Future HR plans/goals:
The process of finalizing the review of organizational structure is at an advance stage.

HR Oversight April 2020 to March 2021
TABLE 4.1 Personal costs by programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure
ADMINISTRATION	118 014	89 096	213	0.00	75.5
FACI FOR MEMBERS & POL PART	145 717	59 171	0.00	0.00	40.6
PARLIAMENTARY SERVICES	90 934	85 559	0.00	0.00	94.1
Total as on Financial Systems (BAS)	**209 810**	**233 826**	**213**	**0.00**	**210.20**

TABLE 4.2 Personnel costs by salary band

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
05 Senior management (Levels >= 13)	14 204	6.1%	2 029	14 204	7
09 Other	219 622	93.9%	972	219 622	226
18 Contract Other					
TOTAL	**233 826**	**100%**	**3001**	**233 826**	**233**

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

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
PR1: ADMINISTRATION									
PRG 1: LLR:ADMINISTRATION	80 840	35.6%	144	0.16%	3 204	3.6%	4 908	5.5	89 096
PRG 2: LLR:FACI FOR MEMBERS & POL PART	57 887	25.0%	-	0.0%	780	1.32	504	0.9	59 171
PRG 3: LLR:PARLIAMENTARY SERVICES	77 531	33.2%	-	0.0%	4 068	4.8	3 960	4.6	85 559
TOTAL	**216 258**	**92.5%**	**144**	**0.01%**	**8 052**	**3.4**	**9 372**	**4.0**	**233 826**

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

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
05 Senior management (Levels >= 13)	9 708	4.2%	-	-	288	2.0%	420	3.0%	14 204
09 Other	206 550	88.3%	144	0.07%	7 764	3.5%	8 964	4.1%	219 622
18 Contract Other									
TOTAL	**216 258**	**92.6%**	**144**	**0.01%**	**8 052**	**3.4%**	**9 372**	**4.0%**	**233 826**

TABLE 4.5 Employment and vacancies by programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
PRG 1: LLR:ADMINISTRATION, Permanent	107.00	100.00	8.00	0.00
PRG 2: LLR:FACI FOR MEMBERS & POL PART, Permanent	09.00	43.00	6.00	0.00
PRG 3: LLR:PARLIAMENTARY SERVICES, Permanent	73.00	60.00	5.00	0.00
TOTAL	**189.00**	**203.00**	**19.00**	**0.00**

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

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Lower Skilled (Levels 1-2), Permanent	25.00	25.00	1.00	0.00
Senior Management (Levels >= 13), Permanent	7.00	6.00	1.00	0.00
Other, Permanent	158.00	158.00	17.00	0.00
TOTAL	**190.00**	**189.00**	**19.00**	**0.00**

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

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	2.00	2.00	0.00	0.00
TOTAL	**2..00**	**2.00**	**0.00**	**0.00**

TABLE 4.8 - Performance Rewards by Salary Band for Personnel below Senior Management Service

SalaryBand	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
09 Other	181.00	181.00	90.00	7 800.00	50 80.00
TOTAL	**181.00**	**181.00**	**90.00**	**8 141.60**	**48 990.00**

TABLE 4.9

SMS Band	Total Employees	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band B	17.00	0.00	0.00	0.00	0.00	22 574.36
Band C	18.00	0.00	0.00	0.00	0.00	28 537.86
Band D	2.00	0.00	0.00	0.00	0.00	3 764.21
TOTAL	**37.00**	**0.00**	**0.00**	**0.00**	**0.00**	**54 876.43**

TABLE 4.10-Leave Payouts

Reason	Total Estimated Amount (R'000)	Number of Employees	Average Estimated Payment per Employee (R)
ANNUAL - GRATUITY: PROV LEG(WORK DAYS)	507615,25	5.00	310485,44
CAPPED - GRATUITY: PROV LEG(WORK DAYS)	1044811,95	1.00	
TOTAL	**1552427.2**	**5**	**1552427.2**
Leave Payouts (Actual) Allowance Codes - 0060, 0168, 0625, 0422, 0567	**1552427,2**	**5.00**	

PART E

FINANCIAL INFORMATION FOR
VOTE 02 - LIMPOPO LEGISLATURE

LIMPOPO LEGISLATURE VOTE 02
REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2021

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

1. General review of the state of financial affairs

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

In order to fulfill its mandate of oversight over the Executive the Legislature held 112 committee oversight meetings in which strategic documents and budgets of the various provincial Departments were scrutinized. At least 29 oversight visit was conducted in the year under review and 8 Bills were processed by Committees.

In the area of public participation 1 educational workshop were organized. The institution was also able to facilitate the sittings of 2 sectoral parliaments. A total of 2 public hearings were organized. This is due to the fact that most of the public hearings were cancelled due to COVID-19. The Legislature has been operating remotely for most part of the financial year 2020-21. It should be noted that this has not deterred the institution from achieving most of its objectives.

Spending trends:

- The institution spent an amount of **R 354 163 000** against the budget of **R 354 665 000** that was allocated. This resulted in the under-expenditure of **R 502 000.**

- The detailed expenditure is provided as per appropriation statement.

2.Service rendered by the department

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

• *Programme1: Administration*
The programme is responsible for administrative support to Members in performing their constitutional mandates

• *Programme2: Facilities for Members and Political parties*
The programme purpose is to offer financial support to Members and political parties and provision of Protocol services.

• *Programme 3:Parliamentary Services*
Programme purpose is provision of core functions of the Legislature which is oversight, Law- making and public participation.

2.2 Tariff policy

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

2.3 Free Services

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

2.4 Inventories
The total inventories on hand at year-end are included in Note 7 of the Annual Financial Statements.

3. Capacity constraints

The implemementation of the Financial Management of Parliament and Provincial Legislatures Act (2009), the Sectoral Oversight Model and the ERP have financial and human resources implications.

4. Utilisation of donor funds

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

5. Trading entities and public entities

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

6. Organisations to whom transfer payments have been made

The institution has made transfers for the total amount of **R81 800 000** to the African National Congress, Economic Freedom Fighters, Democratic alliance and Congress of the People in accordance with the approved transfers in the relevant Appropriation Act/policy.

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

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

7.Public private partnerships (PPP)

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

8.Corporate governance arrangements

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

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

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

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

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

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

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

9. Discontinued activities/activities to be discontinued

No activity was discontinued in the year under review.

10.New/proposed activities

No new activities were introduced during the year under review.

11. Asset management

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

12. Inventories
Information on inventories is detailed in note 7 of the Annual Financial Statements.

13.Events after the reporting date

No event has taken place after the reporting date which will affect the AFS.

14.Information on predetermined objectives

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

The 2020/21 annual report is a consolidation of four quarterly reports as verified and validated by the Internal Audit.

15.Prior modifications to audit reports

Although the Legislature did get an unqualified report in the 2020-21 financial year, an action plan has been developed to address issues raised by the Auditor General in that financial year. Progress reports are being compiled on the monthly basis to monitor the implementation of the action plan.

16.Exemptions and deviations received from the National Treasury

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

17.Interim Financial Statements

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

18.Other

N/A.

19.Approval

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

....
Mr. Mothoa S.
The Secretary

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Limpopo provincial legislature set out on pages 52 to 92, 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 Limpopo provincial legislature as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislature Act, 2009 (Act No.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 matter

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

Significant uncertainties

7. With reference to note 27 to the financial statements, the legislature is the defendant in a number of labour related lawsuits. The legislature is opposing these claims, as it believes it has reasonable grounds of defending them. The ultimate outcome of the matters could not

be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

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

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

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

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

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the

reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

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

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

Programmes	Pages in the annual performance report
Programme 3 – Parliamentary services	21 - 25

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 raise any material findings on the usefulness and reliability of the reported performance information for programme 3: parliamentary services.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 15 to 25 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement 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 programme

3: parlianamentary services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

23. The material finding on compliance with specific matters in key legislation is as follows:

Annual financial statements and annual report

24. The financial statements submitted for auditing were not prepared in accordance with generally recognised accounting practice, as required by sections 56(1) of the FMPPL Act. Material misstatements of revenue, expenditure and disclosures identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

25. 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.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the finding on compliance with legislation included in this report.

30. The accounting officer did not adequately review the financial statements prior to their submission for audit and thus material misstatements, which were subsequently corrected, were not prevented and identified at an earlier stage.

Auditor-General

Polokwane

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

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

LIMPOPO LEGISLATURE VOTE 02
ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL
for the year ended 31 March 2021

The accounting Officer is required by the Financial Management Act of Parliament and Provincial Legislature (Act 10 of 2009), to maintain adequate accounting records and is responsible for the content and integrity of annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an indepebent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standard Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.The annual financial statements set out on pages 52 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2021 and were signed on its behalf by:

....
Mr Mothoa S
The Secretary

LIMPOPO LEGISLATURE VOTE 02
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	8	755	674
Operating lease asset	7	110	131
Receivables from exchange transactions	9	425	1,858
Prepayments		9	8
Cash and cash equivalents	10	9,875	22,738
		11,174	**25,409**
Non-Current Assets			
Property, plant and equipment	3	29,541	31,011
Intangible assets	4	3,342	2,600
Heritage assets	5	528	528
		33,411	**34,139**
Total Assets		**44,585**	**59,548**
Liabilities			
Current Liabilities			
Finance lease obligation	11	681	572
Payables from exchange transactions	13	24,155	24,640
Provisions	12	13,142	15,830
		37,978	**41,042**
Non-Current Liabilities			
Finance lease obligation	11	203	218
Provisions	12	33,655	29,158
		33,858	**29,376**
Total Liabilities		**71,836**	**70,418**
Net Assets		**(27,251)**	**(10,870)**
Accumulated surplus		(27,250)	(10,869)

LIMPOPO LEGISLATURE VOTE 02
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Other income	16	190	209
Interest received	17	2,211	3,867
Total revenue from exchange transactions		**2,401**	**4,076**
Revenue from non-exchange transactions			
Transfer revenue			
Annual appropriation		284,812	361,179
Service in Kind Rental income		5,806	-
Statutory appropriation		53,124	51,576
Total revenue from non-exchange transactions		**343,742**	**412,755**
Total revenue	14	**346,143**	**416,831**
Expenditure			
Employee related costs	18	(191,156)	(171,838)
Transfer payments - Other	19	(81,727)	(117,016)
Depreciation and amortisation		(6,879)	(7,806)
Impairment loss	20	(504)	(203)
Finance costs	21	(84)	(77)
Remuneration of members	15	(48,680)	(46,758)
Loss on disposal of assets and liabilities		(11)	-
General expenses	22	(31,491)	(68,036)
Repairs and maintenance	23	(1,993)	(3,188)
Total expenditure		**(362,525)**	**(414,922)**
(Deficit) surplus for the year		**(16,382)**	**1,909**

LIMPOPO LEGISLATURE VOTE 02
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2021

Figures in Rand thousand	Accumulated surplus	Total net assets
Balance at 01 April 2019	**(12,778)**	**(12,778)**
Changes in net assets		
Surplus for the year	1,909	1,909
Total changes	1,909	1,909
Opening balance as previously reported	(11,230)	(11,230)
Adjustments		
Prior year adjustments (Refer to Note 30)	362	362
Restated* Balance at 01 April 2020 as restated*	**(10,868)**	**(10,868)**
Changes in net assets		
Deficit for the year	(16,382)	(16,382)
Total changes	(16,382)	(16,382)
Balance at 31 March 2021	**(27,250)**	**(27,250)**

Note(s)

LIMPOPO LEGISLATURE VOTE 02
CASHFLOW STATEMENT
for the year ended 31 March 2021

Figures in Rand thousand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Interest income		2,211	3,867
Receipts		338,126	415,781
		340,337	419,648
Payments		(346,543)	(466,478)
Net cash flows from operating activities	24	**(6,206)**	**(46,830)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,859)	(7,348)
Proceeds from sale of property, plant and equipment	3	303	-
Purchase of other intangible assets	4	(4,216)	(4,573)
Net cash flows from investing activities		**(5,772)**	**(11,921)**
Cash flows from financing activities			
Finance lease payments		(801)	(752)
Finance costs		(84)	(77)
Net cash flows from financing activities		**(885)**	**(829)**
Net increase/(decrease) in cash and cash equivalents		**(12,863)**	**(59,580)**
Cash and cash equivalents at the beginning of the year		22,738	82,318
Cash and cash equivalents at the end of the year	10	**9,875**	**22,738**

LIMPOPO LEGISLATURE VOTE 02
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2021

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Other income	84	-	**84**	493	**409**	The variance is due to the insurance claim received
Interest income	2,000	-	**2,000**	2,211	**211**	The variance is due to the interest earned on prior year under spending
Annual appropriation	332,013	(30,472)	**301,541**	301,541	**-**	
Statutory appropriation	53,124	-	**53,124**	53,124	**-**	
	387,221	**(30,472)**	**356,749**	**357,369**	**620**	
Payments						
Employee costs	(224,475)	(11,739)	**(236,214)**	(233,826)	**2,388**	No annual salary increase for Members of the Legislature
Good and Services	(71,246)	39,208	**(32,038)**	(34,232)	**(2,194)**	More Activities performed due to the relaxation of lockdown regulations.
Transfer Payments	(81,342)	(2,140)	**(83,482)**	(83,174)	**308**	Leave gratuity not paid to any members
	(377,063)	**25,329**	**(351,734)**	**(351,232)**	**502**	
Net cash flows from operating activities	**10,158**	**(5,143)**	**5,015**	**6,137**	**1,122**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(8,074)	5,143	**(2,931)**	(2,931)	**-**	
Net increase/(decrease) in cash and cash equivalents	2,084	-	**2,084**	3,206	**1,122**	
Cash and cash equivalents at the end of the year	**2,084**	**-**	**2,084**	**3,206**	**1,122**	

LIMPOPO LEGISLATURE VOTE 02
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2021

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconciliation						
Net cash from (used) operating						
Basis difference						
Depreciation and amortisation				7,383		
Timing difference						
Operating lease assets				21		
Receivables				1,443		
Prepayment				(1)		
Inventories				(81)		
Provision				(1,809)		
Payables				(476)		
Net cash from (used) financing						
Basis difference						
Finance cost				84		
Loss on assets written off				11		
Timing difference						
Finance lease liability				94		
Actual Amount in the Cash flow statement				**9,875**		

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Allowance for doubtful debts

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

1.4 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Details of the repairs and maintenace is displayed under note 23.

1.5 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

1.6 Heritage assets

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

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

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

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

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

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

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

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

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

1.6 Heritage assets (continued)

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

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

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Transfers

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

Transfers and subsidies are recognised as an expenditure when the final authorisation for the payment is effected in the system.

1.7 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

1.8 Financial instruments

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

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

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

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

1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

1.8 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Cash and cash equivalents

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

The entity measures cash and cash equivalents at amortised cost.

1.9 Taxation

Tax expenses

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

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

1.10 Leases (continued)

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

1.13 Compound instruments

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

1.14 Employee benefits

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

1.14 Employee benefits (continued)

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

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

1.14 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

1.17 Revenue from exchange transactions

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

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

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

Measurement

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

1.17 Revenue from exchange transactions (continued)

Sale of goods

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

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

Appropriation

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

Interest

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

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

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

1.18 Revenue from non-exchange transactions

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

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

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

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

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

Recognition

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

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

Services in-kind

The entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

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

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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

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

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

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

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

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

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

1.23 Budget information

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

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

1.23 Budget information (continued)

The approved budget covers the fiscal period from 01/04/2020 to 31/03/2021.

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

1.24 Related parties

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

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

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

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

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

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

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

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

1.25 Events after reporting date

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

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

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

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

1.26 Offsetting

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

1.27 Prepayments

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

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

1.28 Changes in Accounting Policies, Estimates and Errors

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

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

2. New standards and interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity’s accounting periods beginning on or after 01 April 2021 or later periods but are not relevant to its operations:

GRAP 104 (amended): Financial Instruments

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

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

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the is not yet set by the Minister of Finance.

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

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

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2099.

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

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

Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards

2. New standards and interpretations (continued)

Objective of this directive: The Board has approved the application of International Financial Reporting Standards (IFRS® Standards) issued by the International Accounting Standards Board (IASB®) for public entities (hereafter referred to as “an entity”) that meet the criteria to apply IFRS Standards as outlined in the Directive on The Selection of an Appropriate Reporting Framework by Public Entities (Directive 12).

Entities that apply IFRS Standards and operate in the public sector may need to formulate an accounting policy in the absence of an IFRS Standard that specifically applies to a transaction, other event or condition (hereafter referred to as “formulating an accounting policy”) using other sources. When formulating an accounting policy in the absence of an IFRS Standard, the entity needs to consider its users and their information needs. Users of financial statements prepared using the IFRS Standards are interested in information on the return on their investments, and/or the return of their investments, and to make decisions about providing resources to the entity.

The objective of this Directive is to explain when, and in what circumstances, an entity may consider the principles in a Standard of GRAP when formulating such an accounting policy.

It covers: Scope, Formulating an accounting policy in the absence of a specific IFRS® Standard, and Basis for conclusions.

The effective date of the is 01 April 2021.

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

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government’s housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

The effective date of the guideline is for years beginning on or after 01 April 2021.

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

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

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:
- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB’s Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

2. New standards and interpretations (continued)

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is for years beginning on or after 01 April 2021.

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

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

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

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

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

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is for years beginning on or after 01 April 2021.

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

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

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

2. New standards and interpretations (continued)

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

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

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

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

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

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

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity’s annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users’ assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

2. New standards and interpretations (continued)

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2021.

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

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

Directive 7 (revised): The Application of Deemed Cost

This Directive was originally issued by the Accounting Standards Board (the Board) in December 2009. Since then, it has been amended by:

- Consequential amendments when the following Standards of GRAP were amended to clarify some of the principles:
  - GRAP 105 Transfer of Functions Between Entities Under Common Control
  - GRAP 107 Mergers
- Consequential amendments arising from GRAP 110 *Living and Non-living Resources* issued in December 2017.
- Consequential amendments arising from the following Standards of GRAP in May 2018:
  - GRAP 34 *Separate Financial Statements*
  - GRAP 35 *Consolidated Financial Statements*
  - GRAP 36 *Investments in Associates and Joint Ventures*
  - GRAP 37 *Joint Arrangements*
  - GRAP 38 *Disclosure of Interests in Other Entities*

2. New standards and interpretations (continued)

The effective date of this Directive coincides with the effective dates of the applicable Standards of GRAP, as determined by the Minister of Finance. If an entity has assets that it previously could not recognise and/or measure in accordance with the Standards of GRAP on their initial adoption on the transfer date or the merger date because information about the acquisition cost of the assets was not available, an entity applies this Directive to those assets. The fair value of those assets is determined at the date of adopting the Standards of GRAP on the transfer date or the merger date in accordance with the Directive's Appendix paragraph A3.

The effective date of this revised directive is for years beginning on or after 01 April 2021.

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

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

Figures in Rand thousand

3. 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	7,337	(5,330)	2,007	7,105	(5,005)	2,100
Motor vehicles	17,851	(5,886)	11,965	18,222	(4,776)	13,446
Office equipment	2,688	(1,589)	1,099	2,423	(1,481)	942
IT equipment	25,339	(13,959)	11,380	24,327	(12,733)	11,594
Security equipment	4,977	(2,830)	2,147	4,637	(2,585)	2,052
Library books	1,002	(924)	78	992	(887)	105
Finance lease assets	3,898	(3,033)	865	3,003	(2,231)	772
Total	**63,092**	**(33,551)**	**29,541**	**60,709**	**(29,698)**	**31,011**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	2,100	232	-	(178)	(147)	2,007
Motor vehicles	13,446	-	(314)	(1,167)	-	11,965
Office equipment	942	265	-	(81)	(27)	1,099
IT equipment	11,594	1,012	-	(964)	(262)	11,380
Security equipment	2,052	339	-	(174)	(70)	2,147
Library books	105	10	-	(37)	-	78
Finance lease assets	772	895	-	(802)	-	865
	31,011	**2,753**	**(314)**	**(3,403)**	**(506)**	**29,541**

Figures in Rand thousand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	2,219	50	(169)	-	2,100
Motor vehicles	9,915	4,904	(1,175)	(198)	13,446
Office equipment	806	209	(73)	-	942
IT equipment	10,499	2,050	(950)	(5)	11,594
Security equipment	2,120	95	(163)	-	2,052
Library books	94	40	(29)	-	105
Finance lease assets	603	921	(752)	-	772
	26,256	**8,269**	**(3,311)**	**(203)**	**31,011**

Pledged as security

No property, plant and equipment was pledged as security.

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

Assets subject to finance lease (Net carrying amount)

Finance lease assets	865	772

4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	20,931	(17,589)	3,342	16,715	(14,115)	2,600

Figures in Rand thousand	2021	2020

4. Intangible assets (continued)

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	2,600	4,216	(3,474)	3,342

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	2,522	4,573	(4,495)	2,600

5. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage asset	528	-	528	528	-	528

Reconciliation of heritage assets 2021

	Opening balance	Total
Heritage asset	528	528

Reconciliation of heritage assets 2020

	Opening balance	Total
Heritage asset	528	528

6. Change in accounting estimate

None

7. Operating lease asset (accrual)

	2021	2020
Current assets	110	131

8. Inventories

	2021	2020
Opening stock	674	688
Purchases	593	2,031
Utilised	(512)	(2,045)
	755	**674**

Figures in Rand thousand	2021	2020

9. Receivables from exchange transactions

Staff debtors	1,635	1,930
Interest receivable	-	1,055
Allowance for doubtful debt	(1,210)	(1,127)
Service in Kind Receivables	5,806	-
Amortised service in kind receivables	(5,806)	-
	425	**1,858**

Trade and other receivables ageing

The ageing of amounts are as follows:

Less than 3 months	21	27
Greater than 6 months but less than 1 year	116	550
Greater than 1 year but less than 2 years	278	1,136
Greater than 2 years but less than 3 years	5	145
Greater than 3 years	1,215	1,127

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(1,127)	(1,601)
Provision for impairment	(83)	474
	(1,210)	**(1,127)**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

ABSA	9,875	22,738

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2021	31 March 2020	31 March 2019	31 March 2021	31 March 2020	31 March 2019
ABSA BANK - Cheque Account - 4094351649	9,875	22,738	82,318	9,875	22,738	82,318

11. Finance lease obligation

Minimum lease payments due		
- within one year	719	615
- in second to fifth year inclusive	217	235
	936	850
less: future finance charges	(52)	(60)
Present value of minimum lease payments	**884**	**790**

Present value of minimum lease payments due		
- within one year	681	572
- in second to fifth year inclusive	203	218
	884	**790**

Non-current liabilities	203	218
Current liabilities	681	572
	884	**790**

Figures in Rand thousand	2021	2020

12. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Gratuity benefits	5,975	1,013	-	-	6,988
Provision for bonuses	10,057	5,990	(10,122)	65	5,990
Post retirement benefits - Medical aid	27,069	4,865	(96)	-	31,838
Long service awards	1,887	244	(150)	-	1,981
	44,988	**12,112**	**(10,368)**	**65**	**46,797**

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Gratuity benefit	12,499	534	(7,058)	-	5,975
Provision for bonuses	3,650	10,057	(4,035)	385	10,057
Post retirement benefits - Medical aid	27,567	-	-	(498)	27,069
Long service awards	2,176	157	(40)	(406)	1,887
	45,892	**10,748**	**(11,133)**	**(519)**	**44,988**

	2021	2020
Non-current liabilities	33,655	29,158
Current liabilities	13,142	15,830
	46,797	**44,988**

Figures in Rand thousand	2021	2020

12. Provisions (continued)

Long service award provision

The long service awards represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2021. The entity values long service awards annually using One Pangaea Financial who has been appointed to estimate the present value of the long service award in the financial year under review.

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

Methodology:

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

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

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

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

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

The benefits payable are illustrated in the table below:

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

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

	2021	2020
Long term, duration specific, discount rate	7.97%	10.45%
CPI	4.80%	5.48%
Net discount rate (CPI)	3.02%	4.71%

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

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

Figures in Rand thousand	2021	2020

12. Provisions (continued)

Post employment health care

The post retirement benefit represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2021. The entity values post retirement benefit annually using One Pangaea Financial who has been appointed to estimate the present value of the post retirement benefit in the financial year under review.

Methodology:

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

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

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

Key assumptions:

The assumptions used as at 31 March 2021 are based on the following factors:

Post employment health care assumptions	2021	2020
Discount rate	14.22%	13.51%
CPI	9.31%	7.96%
Health care cost inflation	10.81%	9.46%
Net discount rate	3.08%	3.70%

Figures in Rand thousand	2021	2020

12. Provisions (continued)

Gratuity benefit provision

The gratuity benefit represents estimates of the entity's liability as valued by professional valuers with an effective valuation date of 31 March 2021. The entity values gratuity benefits annually using One Pangaea Financial who has been appointed to estimate the present value of the gratuity benefit in the financial year under review.

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

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

Methodology:

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

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

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

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

Key assumptions:

The assumptions used as at 31 March 2021 are based on the following factors:

Gratuity benefit assumptions	2021	2020
Discount rate	5.26%	6.51%
CPI	3.69%	3.90%
Salary inflation	4.69%	4.90%
Net discount rate (Salary)	0.54%	1.53%

The table below summarises the Office bearers set to receive the gratuity as at the current valuation date, 31 March 2021, as provided by the Limpopo Legislature.

Gratuities	2021	2020
Number of participants	38	38
Average age (years)	50.89	49.89
Average past service (years)	3.46	2.46
Average monthly salary (ZAR)	107453	105170

13. Payables from exchange transactions

Trade payables	4,204	6,860
Service bonus accrual	5,344	5,031
Accrued leave pay	13,636	12,234
Other accrued expenses	915	439
Appropriation payable	90	-
Other creditors	(34)	76
	24,155	**24,640**

Figures in Rand thousand	2021	2020

14. Revenue

Other income	190	209
Interest received - investment	2,211	3,867
Annual appropriation	284,812	361,179
Service in Kind Rental income	5,806	-
Statutory appropriation	53,124	51,576
	346,143	**416,831**

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	190	209
Interest received - investment	2,211	3,867
	2,401	**4,076**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Annual appropriation	284,812	361,179
Statutory appropriation	53,124	51,576
	337,936	412,755
Fund rolled over from prior year	16,729	26,946
	354,665	439,701
Transfer revenue		
Current year receipts	337,936	412,755
Funds rolled over from prior year	16,729	26,946
Actual expenditure	(354,163)	(422,972)
Unspent appropriated funds carried over to next year	502	16,729
Departmental revenue earned over to next year	2,704	4,076
	3,206	**20,805**

Basis on which fair value of inflowing resources was measured

15. Remuneration of members

Basic salary	25,188	26,290
Service bonus	1,945	1,355
Medical aid - entity contribution	240	945
Defined contributions plans	6,537	5,941
Non pensionable allowance	13,757	11,693
Members Gratuity	1,013	534
	48,680	**46,758**

16. Other income

Other income	190	209

17. Interest received

Interest revenue		
Bank	2,211	3,867

Figures in Rand thousand	2021	2020

18. Employee related costs

Basic	113,417	100,739
Bonus	6,670	10,668
Medical aid - entity contributions	13,686	7,785
UIF	16	7
Service bonuses	8,793	7,636
Defined contribution plans	13,780	13,211
Overtime payments	144	769
Leave discounting	2,955	(4,660)
Long service bonus	245	(247)
Housing benefits and allowances	7,035	6,563
Non-pensionable allowances	24,415	29,367
	191,156	**171,838**

19. Transfer payments - Other

Provinces and municipalities	33	19
Non-profit institutions	81,694	116,997
	81,727	**117,016**

20. Impairment of assets

Impairments

Property, plant and equipment	504	203

The impairment loss arose as a result of a condition assessment performed on the assets during the prior financial year. Assets were identified to be damaged and were impaired,

21. Finance costs

Finance leases	84	77

Figures in Rand thousand	2021	2020

22. General expenses

Advertising	1,099	2,270
Bank charges	20	30
Consulting and professional fees	2,053	2,266
Consumables	963	3,208
Entertainment	228	371
Motor vehicle expenses	69	556
External audit fees	3,880	4,186
Internal audit fees	610	225
Printing and stationery	364	-
Communication costs	5,914	8,096
Transport provided as part of the departmental activities	69	1,447
Training	336	1,710
Travel and subsistence	4,447	26,129
ERP expenses	609	2,565
Bursaries (employees)	1,054	1,839
Legal services	1,351	1,876
Catering	389	2,733
Administrative fees	195	817
Operating leases	6,560	565
Contracted services	465	3,981
Venue expenses	8	1,432
Computer licenses	-	598
Other expenses	808	1,136
	31,491	**68,036**

23. Expenditure incurred to repair and maintain property, plant and equipment

Office equipment	1,033	1,111
Motor Vehicles	960	2,077
	1,993	**3,188**

24. Cash used in operations

(Deficit) surplus	(16,382)	1,909
Adjustments for:		
Depreciation and amortisation	6,879	7,806
Gain on sale of assets and liabilities	11	-
Finance costs - Finance leases	84	77
Impairment deficit	504	203
Movements in operating lease assets and accruals	21	(125)
Movements in provisions	1,809	(904)
Changes in working capital:		
Inventories	(81)	14
Receivables from exchange transactions	1,433	2,920
Prepayments	(1)	1
Payables from exchange transactions	(483)	(58,731)
	(6,206)	**(46,830)**

25. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

Figures in Rand thousand	2021	2020

25. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade and other receivables from exchange transactions	425	425
Cash and cash equivalents	9,875	9,875
	10,300	**10,300**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	5,175	5,175

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,858	1,858
Cash and cash equivalents	22,738	22,738
	24,596	**24,596**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7,375	7,375

26. Commitments

Authorised expenditure

	2021	2020
Total capital commitments		
Already contracted for but not provided for	163	162
Not yet contracted for and authorised by member	1,964	1,631
	2,127	**1,793**

These commitment expenditure relates to the ERP system support and SCM orders that will be financed by cash resources.

Operating leases - as lessee (expense)

	2021	2020
Minimum lease payments due		
- within one year	671	251
- in second to fifth year inclusive	2,290	-
	2,961	**251**

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

Figures in Rand thousand	2021	2020

27. Contingencies

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

The Legislature also has a contingent liability in respect of legal claims regarding labour matters. The Legislature is defending the matters. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely. The list of contingencies can be accessible from our head office in Lebowakgomo.

A claim was made against Legislature that the contract for the former employee was terminated prematurely. The amount claimed is R7 101 563 and the estimated legal fees are R200 000.Furthermore the former employee made the application for the condonation and the application was dismissed by the court. The former employee further lodged an appeal on the 11 May 2020 for the dismissal of the condonation. Therefore the matter is ongoing. Another claim was made against Legislature with regard to the disputes over the payment of gratuity to the former member.The amount claimed is R 759 969.44 and the estiamted legal fees are R 350 000

Other claims were also made against the Legislature with no quantifiable values where the total estimated legal fees are R850 000.

Housing guarantees

	545	545

Legal claims

	9,262	8,902

28. Service in Kind

SAPS	Security Services provided by the police as the legislature is a National Key Point - Service in Kind
Public Works	Refer to note 14 for the presentation of the service in kind rental income. The office in parliament villages are insignifant and members pay rental income for the residential houses
Parliament of the Republic of South Africa	Training for members of the Limpopo Legislature - Service in Kind

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

Figures in Rand thousand

29. Related parties - Key management personnel

Executive

2021

	Basic salary	Pension fund employer contribution	Political office bearer allowance	Bonuses	Car allowance	Other benefits	Total
Executive Authority Office							
Speaker to the Legislature	1,239	-	80	-	-	17	1,336
Deputy speaker	1,480	-	120	-	-	121	1,721
Senior Management							
Chief Financial Officer	1,225	159	-	219	481	100	2,184
Legal advisor	1,119	145	-	199	368	115	1,946
Secretary to the Legislature	1,950	-	-	329	558	114	2,951
	7,013	**304**	**200**	**747**	**1,407**	**467**	**10,138**

2020

	Basic salary	Pension fund employer contribution	Political office bearer allowance	Bonuses	Car allowance	Other benefits	Total
Executive Authority Office							
Speaker to the Legislature	1,749	-	120	-	-	-	1,869
Deputy speaker	1,436	-	112	-	-	-	1,548
Senior Management							
Chief Financial Officer	1,183	160	-	90	461	53	1,947
Legal advisor	916	144	-	173	347	249	1,829
Secretary of the Legislature	1,733	128	-	121	536	93	2,611
	7,017	**432**	**232**	**384**	**1,344**	**395**	**9,804**

Figures in Rand thousand

29. Related parties - Key management personnel (continued)

* **Other benefits** comprise travel allowance and medical benefits

Emoluments
This is the basic salary of employees.

Political office bearers allowance
This allowance is only payable to employees who are also political office bearers.

Acting allowance
The acting allowance is paid to employees temporarily occupying the vacant positions.

30. Prior period error

The following prior period errors adjustments occurred, the error was due to the understatement of the prior year accruals for S&T claims;

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions		24,279	362	24,641

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
General Expenditure		67,675	362	68,037

31. Comparative figures

Certain comparative figures have been reclassified.

Figures in Rand thousand	2021	2020

32. Risk management

Financial risk management

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

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

Liquidity risk

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

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

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	5,175	-	-	-
Finance lease obligation	681	203	-	-

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	7,375	-	-	-
Finance lease obligation	572	218	-	-

Credit risk

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

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

Financial instrument	2021	2020
Cash and Cash equivalents	9,875	22,738
Receivables from exchange transactions	425	1,858

Market risk

Interest rate risk

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

33. Going concern

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

Figures in Rand thousand	2021	2020

34. Events after the reporting date

None

35. Irregular expenditure

None

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