A People's Assembly for Good Governance

EASTERN CAPE PROVINCIAL LEGISLATURE

ANNUAL REPORT 2021-2022

SUBMISSION OF THE 2021/22 ANNUAL REPORT BY SECRETARY TO THE LEGISLATURE

The Accounting Officer is required by section 59 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) to submit Parliament's Annual Report to the Executive Authority within five months of the end of the financial year. I have pleasure to present the Annual Report of the Eastern Cape Provincial Legislature 2021/22

MS N. NGCAKANI
SECRETARY TO THE LEGISLATURE

OFFICIAL SIGN OFF

MS N.P MOSANA **General Manager: Office of the Secretary**	Signature	30/09/2022 Date
MR. P.A HOBONGWANA **Executive Manager: Corporate Services**	Signature	30/09/2022 Date
MS.N MENE **Executive Manager: Oversight**	Signature	30/09/2022 Date
ADV. K. BEJA **Acting Executive Manager: Legal and Procedural Services**	Signature	30/09/2022 Date
MS. R. ABDOOL **Chief Financial Officer**	Signature	30/09/2022 Date
MS. N. NGCAKANI **Secretary to the Legislature**	Signature	30/09/2022 Date

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FOREWORD BY THE EXECUTIVE AUTHORITY

The 2021/22 financial year was the median point of the Sixth Legislature. As such we had to evaluate the road we had traversed in realising our vision as an Activist and Responsive People's Assembly for good governance and improvement of quality of life for all. An uninterrupted decline in the budget of the Legislature since the beginning of the 6th Term has posed a serious challenge to the operations and implementation of our programs. This challenge coupled with COVID-19 PANDEMIC has also presented new opportunities on how to do things differently moving forward beyond sentiment or convention.

During the financial year 2021/2022, we have strengthened oversight systems, effectively used our Information Communication Technologies and the District Based Oversight Model to reengineer the approach of the Legislature. The use of virtual platforms enabled the Legislature to convene committee meetings leading to the consideration of Budget votes and Appropriation Bill, 2021 by the House. Moreover, eleven NCOP and four (4) Provincial Bills were facilitated for consideration. These include the Appropriation Bill, 2021 which was adopted through budget votes by committees as well as the Eastern Cape Money Bills Amendment Procedure and Related Matters Act, 2020, which was passed by the House and assented to by the Premier and gazetted during the period under review.

We have, during this financial year (2021/2022) started an internal process, which will culminate with the Proclamation towards full implementation of the Act. An action plan aimed at ensuring that the EC Money Bills Amendment Procedure and Related Matters Act is proclaimed has been approved by the Rules Committee.

As part of strengthening oversight and accountable governance, we have for the first time since the advent of democracy introduced a rule, which now requires the Premier of the Province to appear before the Legislature to answer questions from Members of the Legislature. The Rule as adopted in the reviewed Standing Rules in 2021/2022 allows for the Premier to answer oral questions as the Head of Provincial government and Premier of the Province.

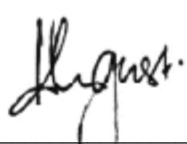
Furthermore, in our quest to improve and contribute on the promotion of the rule of law, constitutionality, and enhanced oversight, we processed a total of 1404 parliamentary questions (1136 written and 268 oral) as a tool of holding the Executive organs of state accountable for their exercise of the executive authority. We will continue with this effective tool of oversight, which is a creation of our Constitution as well as the Standing Rules.

In the same period, we convened a Young Women's Parliament through collaboration with the Provincial Department of Basic Education. The Parliament was organised through the Commonwealth Women's Parliamentarians, and it explored means of supporting young women to engage socially with the emphasis on Gender-Based Violence, economically fostering development in the communities through digital technology.

The 16 Days of Activism of No Violence against Women and Children is an important programme to heighten our oversight and activism. During last year's campaign, we convened a programme focusing on reporting gender-based violence and ensuring accountability. The Programme brought together key stakeholders such as the South African Police Service, Department of Justice and Constitutional Development, Department of Social Development, and the Men's Sector. The programme provided a platform for the various organs of the state to account to the communities on handling and processing of GBV cases.

When we change our vision at the beginning of every term of the Legislature we don't do so for the sake of doing so, however it's as a response to the material conditions of our people. And in the final analysis we remain steadfast on programs that are pursuant to the realisation of our vision. It is therefore a foregone conclusion that our principal focus is on strengthening oversight systems, effective use of our Information Communication Technologies and our commitment to reengineering the approach of the Legislature programs to be cost effective yet impactful in response to lived realities of people.

While the report is a requirement of Section 59 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009), it is also a tool for Members to critique or complement our performance as outlined in the Annual Performance Plan to allow for improvement in the future.



MS. H.M SAULS-AUGUST (MPL)
SPEAKER OF THE EC PROVINCIAL LEGISLATURE
EXECUTIVE AUTHORITY

OVERVIEW BY THE ACCOUNTING OFFICER

The year 2021/2022 was towards mid-point to the end of the Sixth Term of the Legislature. This meant that what had been in the preparation phase in terms of our strategy was at an advanced stage of implementation. We have since moved from setting the ball in motion in advancing the vision as envisaged at the beginning of the Term, that of ***"An Activist and Responsive People's Assembly for good governance and improvement of quality of life for all."***

This Annual Report records our significant milestones in the way the Legislature has conducted its business in order to expedite the implementation of its Strategic Plan. The Report demonstrates that we are on track to see a Legislature whose existence and function is rooted in the people. Our interventions during the period under review has shown our desire as the Legislature administration to provide the best possible expertise to the elected representatives to ensure that they leave behind a legacy of which we can all be proud for generations to come.

As indicated at the beginning of the financial year, major external factors have forced us to rethink how we conduct our business. External factors include the continuous decline in the budget as well as the consequential impact of the outbreak of the Covid-19 pandemic at the beginning of 2020. These have forced us to reconfigure our way of doing things and explore new ways of realising efficiencies while being effective in implementing the Legislature mandate as enjoined by Constitution.

Some of the key enabling projects we had intended to have implemented in the 2021/2022 financial year included the finalisation of the ICT infrastructure upgrade which has laid a foundation for the rollout of the Enterprise Resource Planning (ERP) system. A service provider was awarded the contract for the commencement of the rollout of the ERP. While this was not implemented within the desirable timeframes, the first step was taken in preparing for the rollout which has commenced in earnest in the 2022/2023 financial year.

As with many innovative systems being introduced, this will have its teething problems such as migration to the automated system and understanding of the use by all the end users. However, this will eliminate a lot of bottlenecks that have hindered our effective support to Members. In addition, this will enhance our internal control environment and ensure sustenance of the enhanced clean administration we seek.

The end of the 2021/2022 financial year culminated in the passing of the Money Bills Amendment and Related Matters Act, 2020. The Act allows for the Legislature to amend money bills and this is to give effect to the Constitution. The Rules Committee has established a Standing Committee which will be charged with this responsibility. This is a major milestone since the establishment of the Legislature and has been long coming.

In view of the challenges with respect to the budget, the Legislature has had to respond to the increased demand for resources which have far exceeded our budget. More stringent measures are in place to manage the limited budget that has been provided to resource the plans contained herein and a remodelling of some of our programmes will be necessary to achieve the desired outcomes. While the Legislature has taken the necessary steps to align its plans according to the budget available, it is clear that a need for the adjustment of the budget baseline for the implementation of its constitutional mandate is necessary. As such, more engagements need to take place for this adjustment in order to be effective in giving effect to the obligation to which the Legislature is enjoined by the Constitution.

Our Plan for the 2021/2022 MTEF period considered the external factors that would have an impact on us so that we could embrace the change, but also and more importantly the internal factors which are within our control. This report is an account and commitment to the public for the sustenance of the role of the Legislature as the agent for dialogue and effective delivery of services.

The successful implementation of the Legislature programmes in the midst of the many challenges we faced is a demonstration of the wherewithal of the political leadership and the administration be that responsive People's Assembly where transparency, accountability and ethical conduct are the hallmark of true legislative representative of the people.

I have the pleasure of presenting the Annual Report for the financial year 2021/2022 to the Executive Authority.

MS. N. NGCAKANI
SECRETARY TO THE LEGISLATURE
ACCOUNTING OFFICER

A People's Assembly for Good Governance

EASTERN CAPE PROVINCIAL LEGISLATURE

PART A: GENERAL INFORMATION

"The year of unity and renewal to advance and Defend South Africa's democratic gains."

6TH LEGISLATURE
A PEOPLE'S ASSEMBLY FOR GOOD GOVERNANCE
Eastern Cape Provincial Legislature

1. GENERAL INFORMATION

1.1. Strategic Overview

1.1.1. Vision

An activist and responsive People's Assembly for good governance and improvement of quality of life for all.

1.1.2. Mission statement

- To exercise oversight that will ensure responsiveness and accountability of the government to the people of the Province;
- To initiate, pass and monitor implementation of laws that uphold citizens' rights;
- To ensure meaningful public involvement, education and advocacy;
- To ensure that vulnerable groups are integrated in all programs of the Legislature; and
- To foster relations with local and international institutions supporting democracy.

1.1.3. Values

The Table below outlines and defines the ten (10) values of the Eastern Cape Provincial Legislature.

Excellence	Discharging our responsibilities with utmost care and offering the highest levels of service to those we serve.
Integrity:	Pursuing ethical practices by being open, honest, transparent and consistent in our actions
Commitment	Focusing on achieving our goals without let or hindrance
Professionalism	Conducting our business with our stakeholders with highest levels of diligence, competence and responsibility.
Accountability	Accepting full responsibility for our actions or inactions and consequences thereof.
Loyalty	Espousing the principles and ethos enshrined in the Constitution of the Republic of South Africa.
Responsiveness	An institution that responds to stakeholders within a reasonable time frame
Respect	Having due regard to the rights of the citizens
Transparency	ensuring a People's Assembly that is accessible and provides information to the public
Openness	Giving meaning to the extent to which Legislature is able to build high levels of accountability and trust amongst citizens

1.1.4. Strategic Outcome Oriented Goals

Strategic Goals of the Legislature

The Table below defines the four strategic goals of the Legislature.

Strategic Goal 1	Strengthened oversight role of the legislature for improved service delivery
Goal Statement	Maintain vigorous oversight of the executive to ensure sustainable development of the Province and its people.
Justification	Oversight over the executive is a constitutional requirement for the legislature
Links	Oversight Committees are required to conduct oversight of the members of the executive council.

Strategic Goal2	Effective law making
Goal Statement	To ensure legislature passes laws that contribute to the transformation of Eastern Cape society towards better life
Justification	Law making is a mandate of the legislature prescribed in the Constitution
Links	The legislature must monitor implementation of policies and legislation that seeks to transform the conditions in which the people live.

Strategic Goal 3	Deepened public participation
Goal Statement	Promote active citizenship through meaningful public involvement in the work and processes of the legislature.

Justification	The deepen democracy and ensure that the will of the people prevails at all times.
Links	Through public participation, petitions and public education, citizens drive government policies and legislation

Strategic Goal 4	**Strengthened good governance for public affairs**
Goal Statement	Adherence to legislation, ethical standards, best practices and internal policies.
Justification	To maintain clean governance and preserve good reputation of the institution.
Links	The Legislature must be managed in a manner that contributes to efficient, effective and developmental oriented public service entity that promotes fair and inclusive citizenship.

1.1.5 Linking Strategic Goals with Strategic Objectives

Strategic Goal 1:	**Strengthened oversight role of the legislature for improved service delivery**
Strategic Objective 1.1:	Full implementation of the Eastern Cape Legislature oversight model
Strategic Goal 2:	**Effective Law Making**
Strategic Objective 2.1	Effective participation of the legislature in the national law-making processes
Strategic Objective 2.2	Enhance the capacity of the legislature to make, amend and pass laws
Strategic Goal 3:	**Deepened public participation**
Strategic Objective 3.1	To promote public involvement in legislative processes
Strategic Objective 3.2	Increased public involvement through effective awareness and access to information.
Strategic Goal 4	**Strengthened good governance for public affairs**
Strategic Objectives 4.1	To provide political leadership to ensure attainment of the mandate of the Legislature
Strategic Objectives 4.2	To create an enabling environment through provision of strategic and technical support to MPLs
Strategic Objective 4.3	Compliance with corporate governance through effective internal control environment
Strategic Objectives 4.4	Facilitate mainstreaming of special programmes in the Legislature business
Strategic Objective 4.5	Provision of legal support to the institution

1.2. Legislative and other mandates

a) Policy Mandates

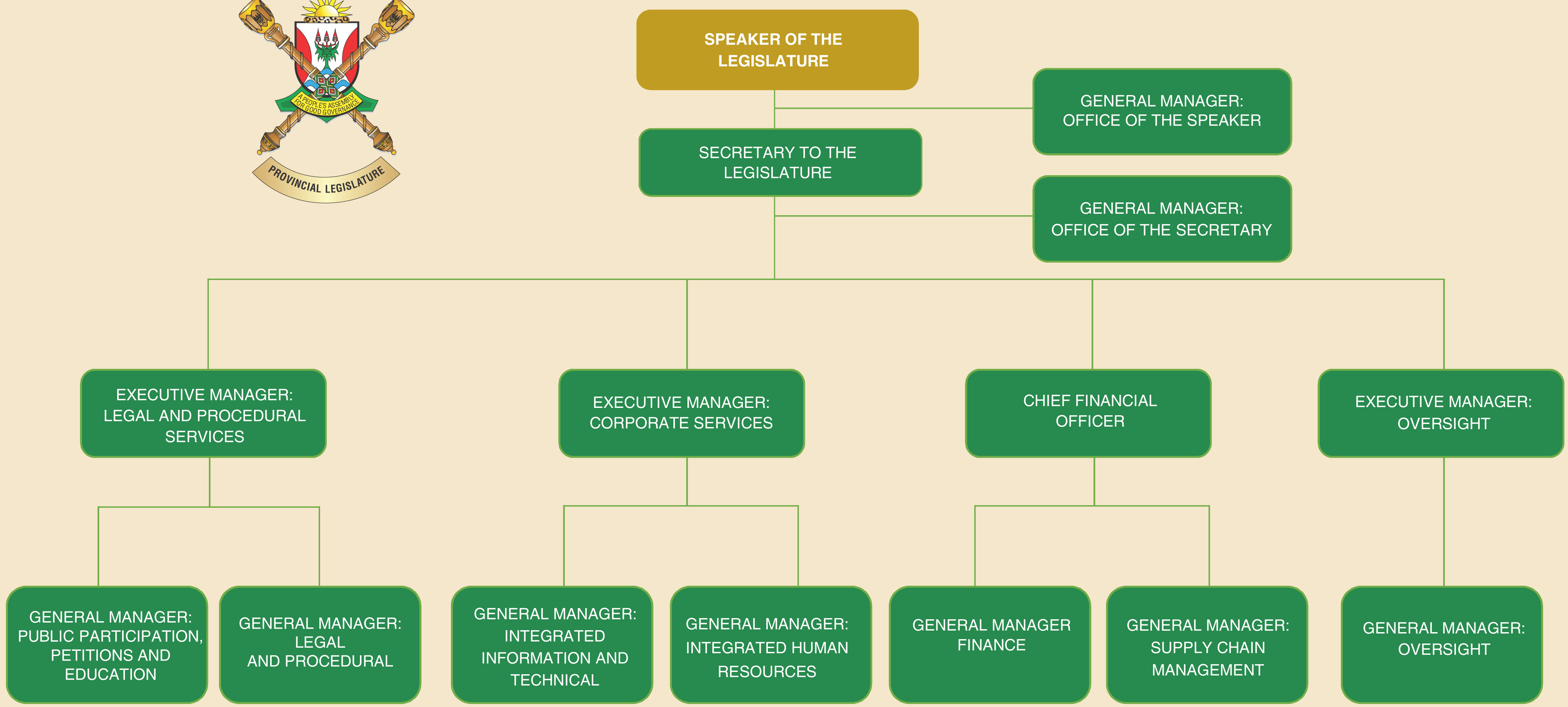
The business and operations of the Legislature are further regulated by a number of policy directives, including (among others):

- Standing Rules of the Eastern Cape Legislature which provide for the powers, duties, functions and procedures of different legislature structures
- Rules and Executive Committee policy pronouncements relating to matters concerning the legislature.
- Adopted policies of the Legislature including Management and Financial, Supply Chain Management, Integrated Human Resource Management policies and procedures.
- Relevant Court Rulings
- Land Access Movement of South Africa v Chairperson of the National Council of Provinces and Others 2016 (10) BCLR 1277 (CC)
- EFF v Speaker of the National Assembly and Others and Democratic Alliance v Speaker of the National Assembly and Others 2016(3) SA 580 (CC)
- Economic Freedom Fighters and Others v Speaker of the National Assembly and Others 2018 (2) SA 571 (CC)
- South Africa Veterinary Association v Speaker of the National Assembly and Others CCT 27/ 18
- Merafong Demarcation Forum and Others v President of the Republic of South Africa and Others (2008) ZACC 10
- Democratic Alliance v eThekwini Municipality (2011) ZASCA 221

b) Planned Policy Initiatives

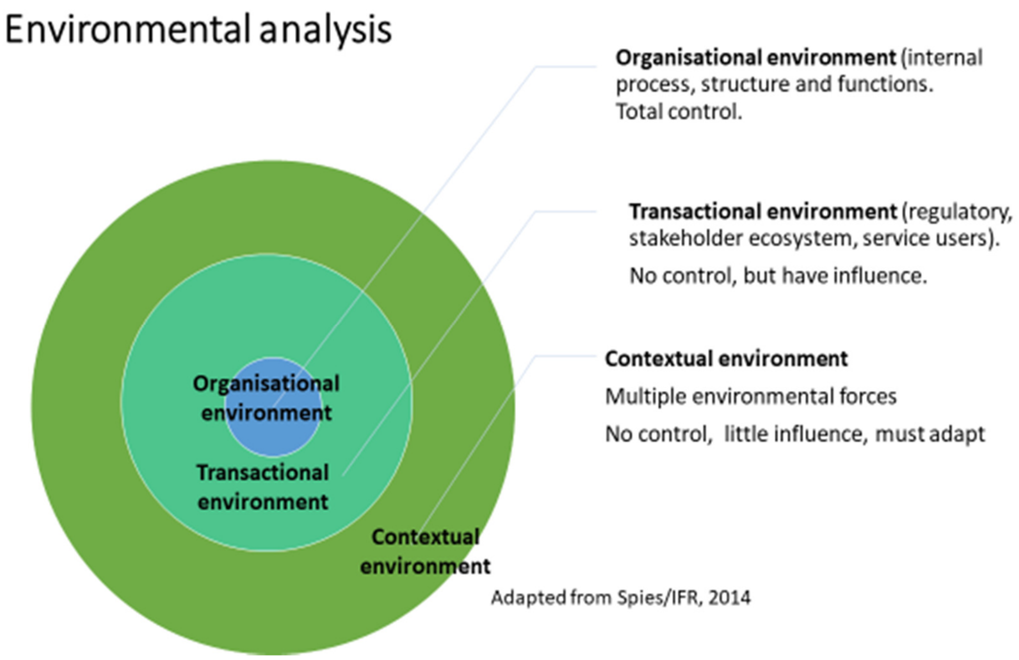
- The Legislature intends to initiate, develop and introduce a Bill on the Procedure to Amend a money Bill as mandated by section 120 (3) of the Constitution of the Republic of South Africa Act, 1996.
- The Legislative Sector Integrated Strategic Planning Framework is in the process of being finalised for adoption by the Speakers' Forum.
- The Speakers' Forum is also in the process of finalising the Legislative Sector Bill whose intention is to standardise and regulate the work of the Legislative Sector.

1.3 Top Management Structure



1.4 Overview of the service delivery environment

In the 2022 Annual Performance Plan the below, the service delivery environment as demonstrated below was highlighted and it required interventions that would respond to the environment in which the Legislature operates . The diagram below and the synthesis thereof gives areas that need attention of the plans. Critical system that was achieved for the year under review in respect internal processes, structure and function is the finalization of the procurement of the ERP system. Stakeholders were subjected into the open tender system, SCM policies were reviewed to accommodate the open tender system.

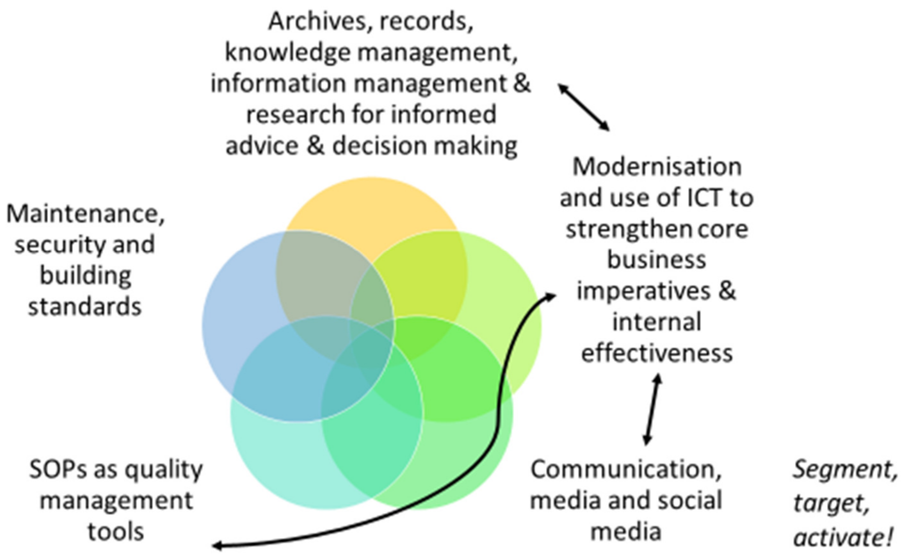


Synthesising the contextual environment: PESTEL

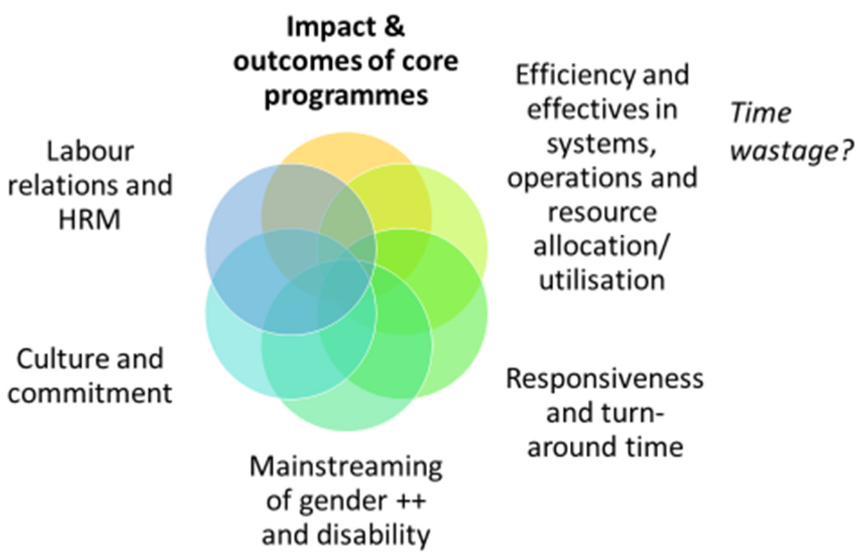
Political	Economic	Social	Technological	Environmental	Legal
• Trust and changes in public participations / • Lack of shared vision across society • Local government collapse • Corruption State capture • Future state restructuring • Geo-politics	• Long-term slow growth • Weak currency • Fuel & Energy price increase • Inflation environment • Industrial decline • Impact of 4th Industrial Revolution/ New world of work • Economic policy uncertainty • Rural economy & land • Fiscal decline and high debt servicing	• Rising inequality • Dissatisfaction with place of development & transformation • Social protests and civic engagements • Health status and changing burden of diseases • Education and skills system crisis • Demographic changes • Youth unemployment and development	• 4th Industrial Revolution impact on economy, labour market and public sector • Digitisation & Automation • Automation Industry and Machine Learning • Digital skills • Need for investment in Research & Development and Innovation • Data costs • Infrastructure	• Economic Strategy based and natural resources based or intensive sectors (agro, ocean, tourism energy etc.) • Land/ natural resource dependent livelihoods remain important • Climate change and extreme weather • Water resource management • Land use patterns and management • Resource stress and bio-diversity	• High level panel: ills of the past are being reproduced in post–apartheid society despite extensive legislative reform • Land expropriation • Expanding compliance universe • Information security and regulation of data • Legislating planning

With an advent of COVID 19 in 2020, an opportunity of modernizing and utilization of ICT became imperative for business continuity in the Legislature. The country continued to be placed under the lockdown with various levels alternated, this resulted in utilisation of Ms Teams as a way of conducting committee work, house sittings and other public participation programmes of the Legislature. Public hearings and house sitting were live streamed via social media networks and community radio stations. Utilisation of Ms Teams also prove to be an opportunity in the context of shrinking budget, which posed a threat in the work of the Legislature.

Opportunities



Areas of improvement



The role of the state, specifically the Eastern Cape Provincial Government, is very crucial in shaping future of our province. A coherent narrative of Eastern Cape socio-economic trends, present and future, needs to be described in the context of changing global and national conditions. The following narrative is constructed around 11 inter-connected topics

Politics

Increasing global political instability relating to:

- Rising geo-political tensions (rising Chinese assertiveness to US hegemony); resumption of nuclear arms race; declining multilateralism
- Rising discontent relating to global increase in economic inequality and stagnating real incomes following the 2008 global financial crisis
- Consequent rise in populism (right-wing-authoritarian)

South Africa is not immune to these global political issues.
Over the last few years South Africa has suffered a severe setback to its post-1994 political project. Whether this setback will be temporary or permanent is now in the balance. This setback relates to four factors:

- The slow pace of economic growth and building a productive and indigenous entrepreneurial/capitalist/bourgeois/business class and the consequent crisis of youth unemployment.
- The organisational and financial weakening of state structures, including the criminal-justice system, public education, municipalities, state-owned enterprises and the civil service.
- A weakening moral order reflected in, among other things, state capture, corruption and fraud.
- Disillusionment with democracy and our political class is reflected in a recent Afro-barometer survey which indicates that 63% of South Africans say they would be willing to forego elections if a non-elected government or leader were able to impose law and order and provide housing and jobs.
- Other examples are declining voter registration and turn-out, particularly among young people. Voter turnout in national elections in the Eastern Cape has decreased steadily from 89.94% in 1999, 79.31% in 2004, 74.87% in 2009, 68.3% in 2014 and 59.5% (IEC, 2019).

The EC is likely to be affected by global and national political turbulence in the period 2020-25. Inadequate national political management could spill over into:

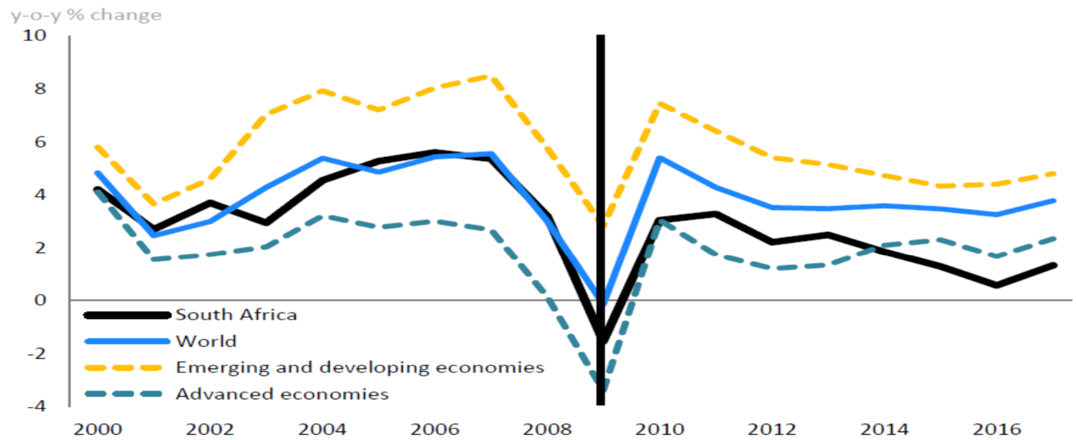
- A worsening of the fiscal situation
- Falling business confidence
- Rising populism and social unrest.

The High-Level report shows that:

- Breakdowns in execution occur despite an extensive machinery designed to monitor the executive and to hold it accountable for outcomes. This brings into focus questions concerning the effectiveness of governance and accountability mechanisms, including the role of Parliament in providing oversight.
- An empowered public will be able to assist the legislatures to ensure that executives are more accountable to electorates.
- Trust is an essential element of democratic legitimacy, and the declining levels of trust in leaders and institutions impact negatively on nation-building. One reason for this is that in some instances the wrong people are appointed to senior positions, which eventually results in a loss of public trust in them and the institutions they lead.
- Accountability, responsiveness and openness are foundational values in our Constitution, which also specifies transparency and informed public participation among other values and principles governing public administration (s.195).
- Parliament should introduce legislation that provides for a system of public review of appointees to Cabinet, Provincial Executive Committees and Mayoral Committees.

Economic growth

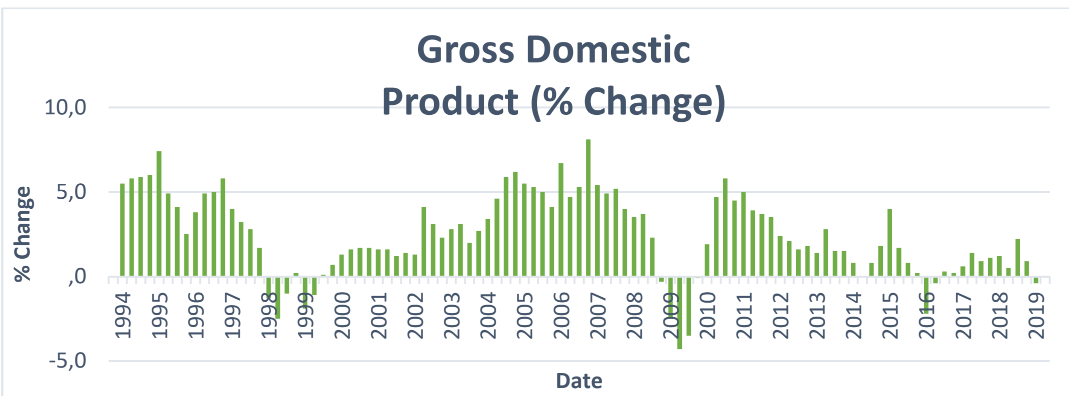
The Eastern Cape Province forms an integral part of the SA national and global economies.



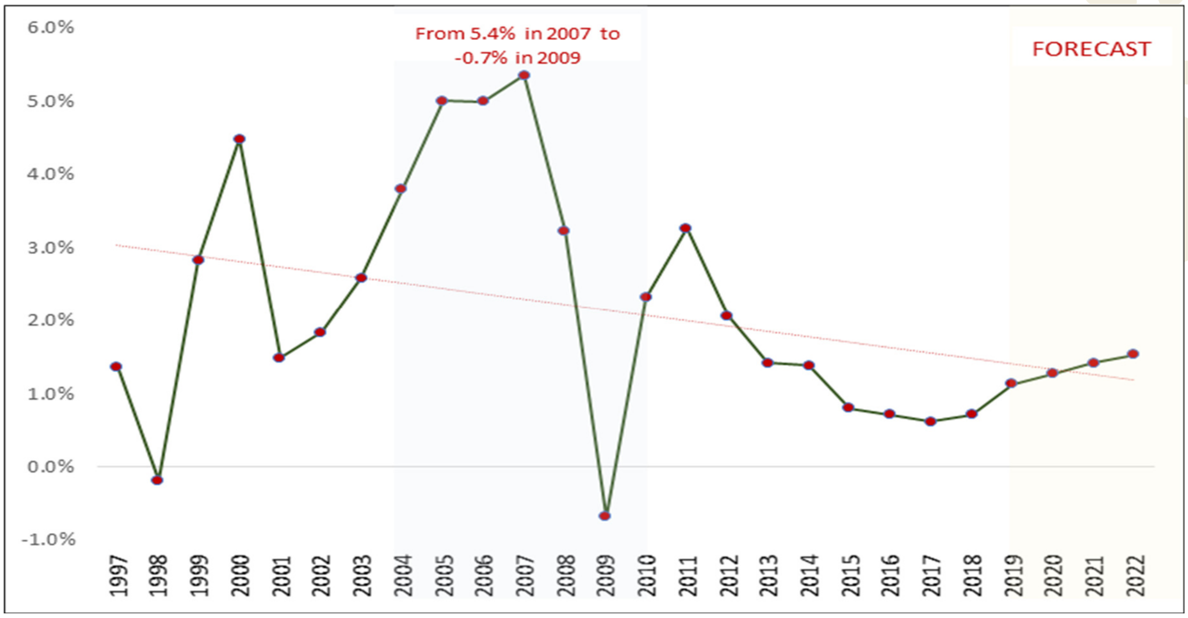
Source: IMF World Economic Outlook Database

The graph above shows how SA economic growth was synchronised with the global recession of 2008-09 and how SA growth has been lower than that of other countries since that recession. Data also show that EC economic growth rates track SA growth rates very closely. Many economic forecasters expect a global recession in 2020-21 due to US-China trade war and global debt levels higher than those before the 2008 global financial crisis. The limits of globalisation may have been reached.

GDP % Annual Change 1994-2019



Eastern Cape Real GDP growth



Investment and Infrastructure

Fixed investment in plant, machinery, buildings and infrastructure is a key driver of economic growth, increasing incomes and employment.

Fixed investment by type of organisation

Type of organisation	% Total GFCF in SA in 2017	% Total GFCF in EC in 2017	GFCF in EC in 2017: R billion
Private business enterprises	60	57	33.0
Public corporations	20	17	10.0
National government departments	4	5	3.0
Provincial government departments	5	8	4.5
Municipalities	11	13	7.5
TOTAL	100	100	58

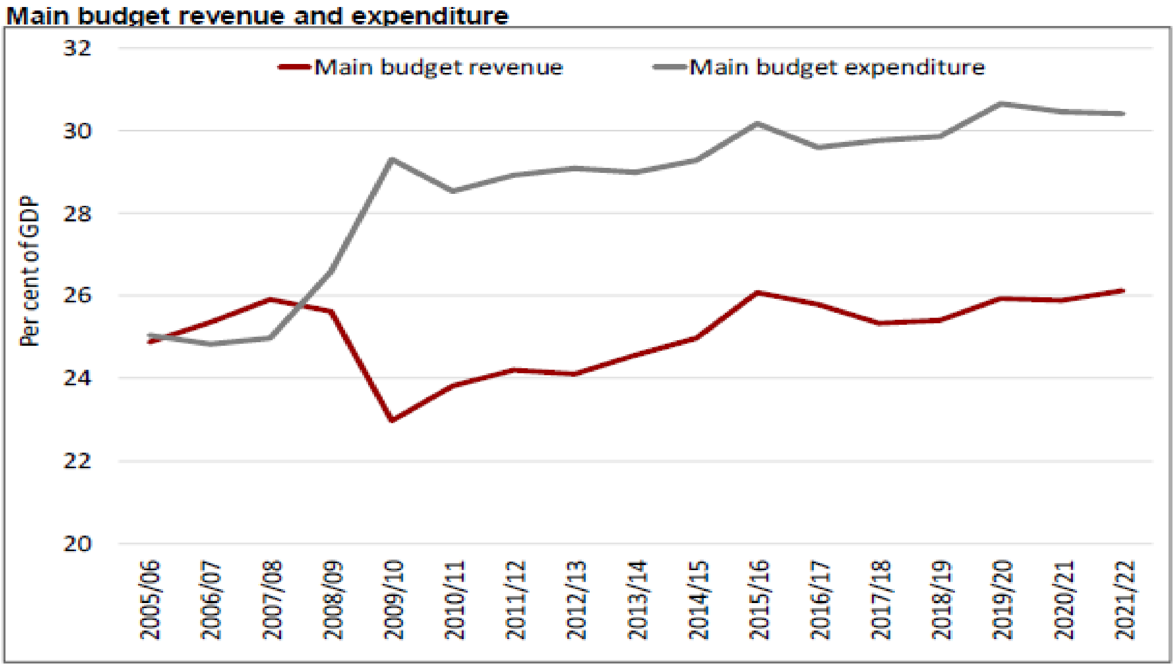
The table above shows the breakdown of total investment by type of organisation: private business enterprises, public corporations (SOEs), and the three tiers of government. It is clear that there will be an increased focus on maintaining and increasing levels of public and private fixed investment during the 6th term, in all sectors and districts/metros. This will require more focus on the removal of constraints on private sector investment (such as availability of formally tenured land in former homelands).

Sector development

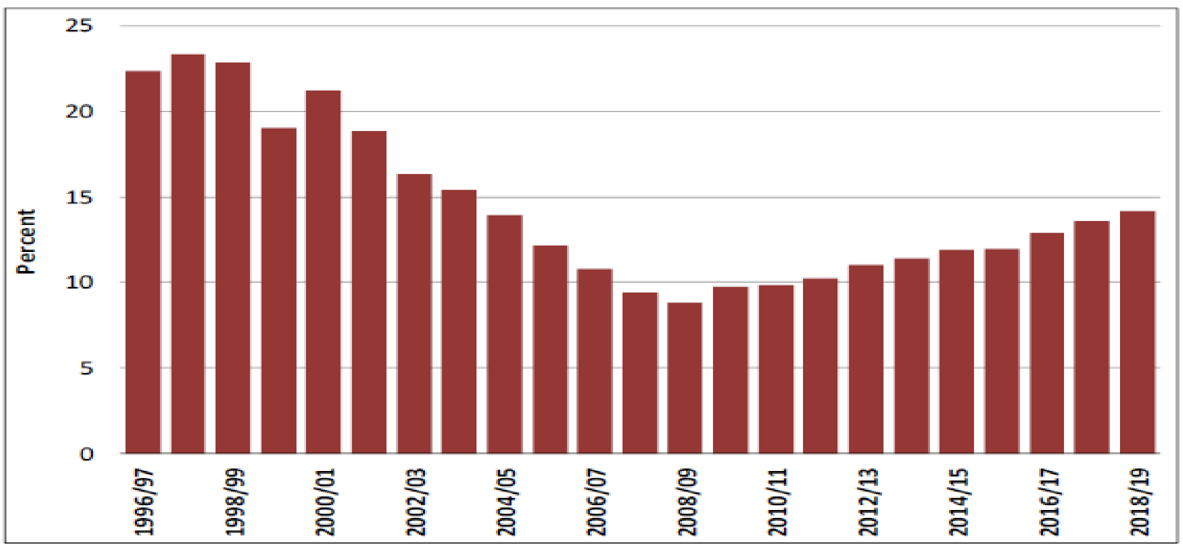
In contrast to most other provinces, the EC does not have a significant mining industry. As a consequence, the EC has a relatively smaller private sector and a relatively larger public sector than SA as a whole. In terms of the Standard Industrial Classification (SIC), the tertiary sector (services) has grown fastest over the last two decades, and both the SA and EC economies are dominated by services (69% and 79% of GDP respectively). In the EC the three largest sectors are government (23%); finance and business services (21%); and trade (19%). Manufacturing (auto) is quite strong (13.5% GDP). Agriculture accounts for only 1.9 % GDP; and construction 3.8%.

Sector shares change slowly over time and we would not expect any major structural shifts over the next 5 years, with the services sector retaining dominance. In middle income countries the SMME contribution to employment and GDP is 95% and 70% respectively. The SA ratios are 56% and 50% respectively. Moreover, the sector has declined over the last decade. We thus have an “entrepreneurial deficit”. A major challenge is to foster the growth of employment-creating small enterprises.

Fiscal context



Debt-service costs are rising as a share of total revenue



The above graph shows that since 2008, national government spending has exceeded revenue and consequently government debt and debt-service costs have been rising as a share of total revenue. Recent bailouts of Eskom have severely weakened the national fiscus and are causing planned reductions of transfers to provincial governments. Of all the issues covered in this presentation, this fiscal context is likely to pose the main challenge to departments.

The 2020 MTEF Provincial Budget Guidelines Workshop (16 July 2019) referred to compulsory budget baseline reduction scenarios of 5% in 2020-01, 6% in 21-22 and 7% in 22-23. This implies: (1) a reduction in total budgeted expenditure of 10%+ in 2020-21 in constant price/real terms (5% nominal reduction + CPI increase); and (2) That if COE is to be held constant in real terms (which is the intention), then non-COE components must therefore be reduced by the order of 32%+ in real terms. If both COE and capex were to be held constant in real terms, then expenditure on goods and services and transfers would have to be reduced by more than two thirds.

Public sector

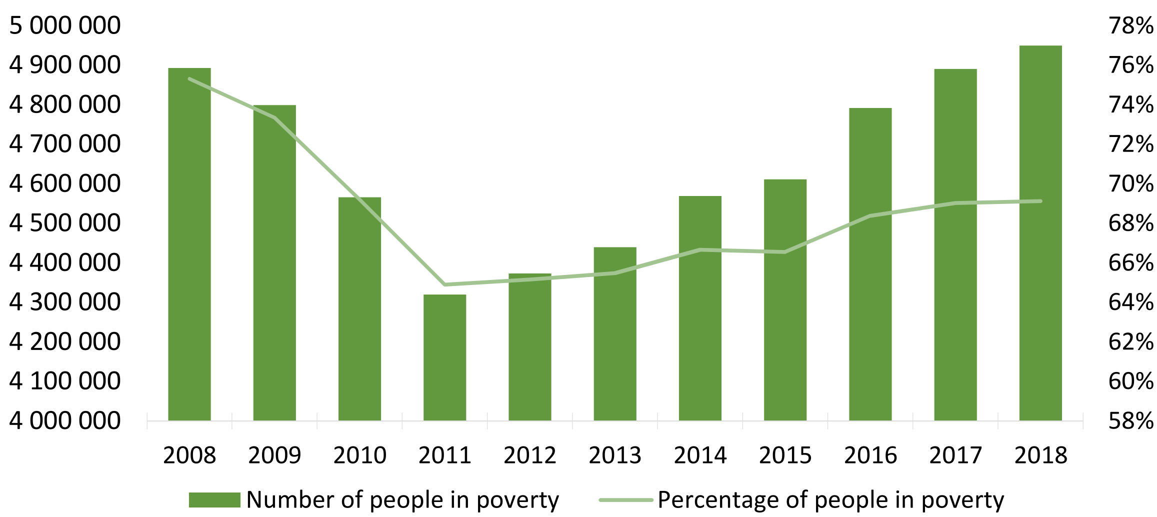
As already noted, the Eastern Cape has a relatively high share of government services as a proportion of GDP, and a relatively high share of public sector investment as a proportion of total investment. This is even more pronounced outside the two metros, where rural district economies are completely dependent on public sector spending (including social grants). Our rural districts are therefore particularly vulnerable to public sector fiscal tightening and poor-quality public services.

The triple challenge (poverty, unemployment and inequality)

There is evidence that poverty, unemployment and inequality have been rising in the EC since 2011. Inequality in the EC is less than in SA, but our rates of poverty and unemployment are the highest in the country. Poverty and unemployment are higher in rural than urban areas. It is unfortunate that state capacity is often weakest and least reliable in the places that most need support. The UN's Sustainable Development Goals (SDGs), SA's NDP and EC's PDP all aim to halve poverty, end hunger and reduce inequality by 2030. These goals can only be achieved with the help of effective spatial policies. The FFC suggest that inequality targets can only be achieved by targeting the EC's poorest wards with higher social grant payments.

Number and percentage of people in poverty: Eastern Cape, 2008-2018

Statistics South Africa defined the food poverty line – R547 (in April 2018 prices) per person per month. This refers to the amount of money that an individual will need to afford the minimum required daily energy intake. This is also commonly referred to as the "extreme" poverty line. Eastern Cape had 2.6 million people in extreme poverty, representing 36.7% of the provincial population. O.R. Tambo has the biggest number (705 526) of people living below the food poverty line while Alfred Nzo has the largest share above provincial level of people living below.



1.2.1. Oversight

In addressing threats stipulated above that in the socio-economic and political context, the Legislative body enhanced the programmes of the Legislature through oversight programmes whereby through oversight, Members conducted site visits as a way of verifying what is stated in in portfolio committee meetings and also as a way of ensuring accountability by the Executive. Also, to enhance the work of committees focus intervention studies were undertaken by researchers. Focus intervention studies assist communities with information that stipulates an extent of challenges highlighted above. This enables committees to make informed findings for the Executive Committee to implement.

The NCOP that is constitutionally mandated to ensure that provincial interests are taken into account in the national sphere of government conducted a provincial week programme. With a decline in the trust to government such programmes whereby projects in various areas of government work are visited and concerns of citizens are listened to. In the year under review Members of Parliament together with MPLs embarked on the provincial week. Other programmes.

Other contextual factors highlighted in the APP included the slow pace of economic growth in the country as a challenge that affects globe. In the context of the Legislature, the economic cluster committees consider budget votes to ensure executive accountability over and above that public participation weeks were conducted by economic and social needs clusters. These are to ensure that investment interventions are created by industries so that jobs are created and there is alleviation of poverty.

1.2.2. Law-Making

The Legislature has given effect to its mandate and with provincial Acts being promulgated into law. The Legislature also participated in the national law-making process and all the Mandates were conferred in line with the provisions of the Mandating Procedure of Provinces Act, 2008. The conferral of Mandates on time resulted in the National Council of Provinces being able to pass pertinent pieces of legislation including, but not limited to the Local Government: Municipal Systems Amendment Bill, National Forests Amendment Bill, Upgrading of Land Tenure Rights Amendment Bill, National Environmental Management Laws Amendment Bill and Division of Revenue Bills.

The Legislature has also passed the Eastern Cape Money Bills Amendment Procedure and Related Matters Bill, 2020 which is required in terms of section 120 of the Constitution of the Republic of South Africa, 1996. The Act was assented by the Hon Premier in terms of section 121 of the Constitution and further proclaimed into operation by the Hon Speaker through publication in the Government Gazette

1.2.3. Public Participation

South Africa is not immune to global political challenges such as financial weakening of government institutions, disillusioned citizens and a decline in voter registration and turn out. The public participation and petitions committee listened to range of petitions so that concerns that have been raised through government structures and have not been responded to are addressed through petitioning of the Legislature. A number of petitions in this regard had been addressed.
Again, before a bill could be considered by the committee public hearings were conducted so that views of the public are considered. Also, before the actual public hearing, public education programmes are conducted**.**

In encouraging members of the public to participate in local government elections, voter education programmes were conducted across the province. Also, the voter education programme was aimed at promoting and ensuring effective participatory democracy, provide citizens of the Eastern Cape with basic information about participating in the elections, and lastly ensure ownership of the electoral process by citizenry.

1.2.4. Collaboration with other Organs of State

The Legislature continues to co-operate with other institutions of the state. In this regard, the Legislature has adopted an approach of collaborating with the Executive when organizing programmes and activities that have common objectives whilst ensuring that the principle of separation of powers is not diluted. The interaction with local sphere through the Provincial Speakers' Forum was continued and conducted through the virtual platforms which emphasis on collaboration in particular with respect to the receipt, referral and follow up on petitions.

A growing urbanization has been cited as one of the potential threats in urban areas. People in the rural areas are leaving the areas and are flocking to cities. Through CPA programmes, the Legislature hosted the webinar on urbanization in the year under review. To address issues of climate change again through CPA programmes, climate change was debated as a matter of public importance in the year under review.

Programmes to denounce GBV were conducted through CWP, where a Young Women Parliament was conducted. This was coupled with accountability sessions that were held through the Office of the Speaker. During voter education programme, the Eastern Cape Provincial Legislature partnered with the IEC in ensuring that relevant information reaches the citizens of the country..

A People's Assembly for Good Governance

EASTERN CAPE PROVINCIAL LEGISLATURE

PART B: INFORMATION ON PREDETERMINED OBJECTIVES

"The year of unity and renewal to advance and Defend South Africa's democratic gains."

6TH LEGISLATURE
A PEOPLE'S ASSEMBLY FOR GOOD GOVERNANCE
Eastern Cape Provincial Legislature

2. INFORMATION ON PRE-DETERMINED OBJECTIVES

2.1. Performance Information by Programme

Programme Performance Information is an institutional tool that measures on how well the institution has performed its planned targets in line with the strategic goals and objectives. This tool plays a significant role in planning, budgeting, monitoring and evaluation, and reporting to ensure accountability. The performance barometer of the Eastern Cape Provincial Legislature under the current financial review is reflected through the programmes hereunder.

2.2. Linking budget with performance information

2.2.1. Expenditure by programme

2021/22					2020/21	
Programme names	Final appropriation	Actual expenditure	Variance	Expenditure by % of final appropriation	Final appropriation	Actual expenditure
Programme 1	227 115	213 091	14 024	93.8%	223 060	207 523
Programme 2	175 542	175 542	-	100.0%	179 437	179 437
Programme 3	106 944	105 402	1 542	98.6%	101 381	100 745
Programme 4	69 723	69 723	-	100.0%	83 236	83 237
Total for programmes	579 324	563 758	15 566	97.3%	587 114	570 942

2.2.2. Expenditure by economic classification

2021/22					2020/21	
Economic Classification	Final appropriation	Actual expenditure	Variance	Expenditure by % of final appropriation	Final appropriation	Actual expenditure
Compensation of Employees	370 506	370 507	(1)	100.00%	375 790	362 409
Goods and Services	58 267	56 724	1 543	97.4%	64 022	63 386
Transfer Payments	125 858	125 858	-	100.0%	130 126	143 507
Capital Payments	24 693	10 669	14 024	43.2%	17 080	1 543
Payments for financial assets					96	97
TOTAL	579 324	563 758	15 566	97.3%	587 114	570 942

2.3. PROGRAMME 1: Administration

2021/22					2020/21	
Economic Classification	Final appropriation	Actual expenditure	Variance	Expenditure by % of final appropriation	Final appropriation	Actual expenditure
Compensation of Employees	166 438	166 438	-	100.0%	159 107	159 107
Goods and Services	34 516	34 516	-	100.0%	44 799	44 799
Transfer Payments	1 468	1 468	-	100.0%	2 063	2 063
Capital Payments	24 693	10 669	14 024	43.2%	17 080	1 543
Payments for Financial Assets					11	11
Total	227 115	213 091	14 024	93.8%	223 060	207 523

2.3.1. Office of the Speaker

Strategic Objective				To provide political leadership to ensure attainment of the mandate of the Legislature	
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of internal stakeholders engagements held to ensure efficient and effective implementation of the vision of the Legislature	Quarterly	4 internal stakeholders engagements held to ensure efficient and effective implementation of the vision of the Legislature	4 internal stakeholders engagements held to ensure efficient and effective implementation of the vision of the Legislature	-
2	Number of external stakeholders engagements held to ensure effective and efficient implementation of the vision of the Legislature	Quarterly	4 external stakeholders engagements held to ensure effective and efficient implementation of the vision of the Legislature	4 external stakeholders engagements held to ensure effective and efficient implementation of the vision of the Legislature	-
3	Number of reports on effective and efficient handling of petitions received by the Legislature	Quarterly	4 reports on effective and efficient handling of petitions received by the Legislature	4 reports on effective and efficient handling of petitions received by the Legislature	-
4	Number of public outreach programmes conducted to address community needs	Quarterly	4 public outreach programmes conducted to address community needs	4 public outreach programmes conducted to address community needs	-

2.3.2. Office of the Secretary

2.3.2.1. Office support to the Secretary

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of Executive Committee reports tabled on the effective implementation of the Rules Committee decisions	Quarterly	4 Executive Committee reports tabled on the effective implementation of the Rules Committee decisions	4 Executive Committee reports tabled on the effective implementation of the Rules Committee decisions	-
2	Number of Secretariat reports tabled on the effective implementation of Executive Committee decisions	Quarterly	8 Secretariat reports tabled on the effective implementation of Executive Committee decisions	6 Secretariat reports tabled on the effective implementation of Executive Committee decisions	Two meetings of the Executive Committee to table the Secretariat report did not take place as scheduled due to the change of the Legislature diary in the second and the third quarter. Consequently, the two Secretariat reports could not be tabled as planned. This was due to the recess period in preparation for the 2021 Local Government Elections. The Secretariat reports that were subsequently tabled afterwards covered the period where these reports had not been tabled.
3	Number of management engagements held on the effective implementation of management decisions	Quarterly	12 management engagements held on the effective implementation of management decisions	12 management engagements held on the effective implementation of management decisions	-

2.3.2.2. Strategy, Monitoring and Evaluation

Strategic Objective			To create an enabling environment through provision of strategic and technical support to MPLs		
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of institutional plans adopted on the effective implementation on the organisational mandate	Annually	1 Annual Performance Plan 2021/22 adopted on the effective implementation of the organisational mandate	1 Annual Performance Plan 2021/22 adopted on the effective implementation on the organisational mandate	-
		Annually	1 Operational Plan 2021/22 adopted on the effective implementation of the organisational mandate	1 Operational Plan 2021/22 adopted on the effective implementation of the organisational mandate	-
Strategic Objective			**Compliance with corporate governance through effective internal control environment**		
2	Number of institutional performance reports developed to monitor the effective implementation of the organisational plans	Quarterly	4 quarterly performance reports developed to monitor the effective implementation of the organisational plans	4 quarterly performance reports developed to monitor the effective implementation	-
		Annually	Financial Oversight Report developed to monitor the effective implementation of the organisational plans	Financial Oversight Report developed to monitor the effective implementation of the organisational plans	-
		Annually	Annual Report 2020/21 developed to monitor the effective implementation of the organisational plans	Annual Report 2020/21 developed to monitor the effective implementation of the organisational plans	-

2.3.2.3. Special Programmes Unit

Strategic Objective		Facilitate mainstreaming of special programs in the Legislature business			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of reports on special programmes mainstreaming initiatives monitored to ensure compliance with the relevant legislation and prescripts	Quarterly	4 reports on special programmes mainstreaming initiatives monitored to ensure compliance with the relevant legislation and prescripts	4 reports on special programmes mainstreaming initiatives monitored to ensure compliance with the relevant legislation and prescripts	-
2	Number of special programmes advocacy and awareness programmes conducted to promote the rights of the vulnerable groups	Bi - Annually	2 special programmes advocacy and awareness programmes conducted to promote the rights of the vulnerable groups	-	Programmes that were planned for quarter 3 had to be cancelled due to recess that was programmed in preparation for local government elections.
3	Number of programmes conducted to implement resolutions of the Commonwealth Women Parliamentarians	Annually	1 programme conducted to implement resolutions of the Commonwealth Women Parliamentarians	1 programme conducted to implement resolutions of the Commonwealth Women Parliamentarians	-

2.3.2.4. Communications

Strategic Objective		Increased public involvement through awareness and access to information			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of communication platforms utilised to increase public awareness in advancing the mandate of the Legislature	Quarterly	4 communication platforms utilised to increase public awareness in advancing the mandate of the Legislature	4 communication platforms utilised to increase public awareness in advancing the mandate of the Legislature	-
2	Number of branding and marketing interventions undertaken to position the institutional brand	Quarterly	10 branding and marketing interventions undertaken to position the institutional brand	10 branding and marketing interventions undertaken to position the institutional brand	-
Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
3	Number of internal communication platforms utilised to provide communication services to the Legislature community	Quarterly	4 internal communication platforms utilised to provide communication services to the Legislature community	4 internal communication platforms utilised to provide communication services to the Legislature community	-

2.3.2.5. Media management

Strategic Objective		Increased public involvement through awareness and access to information			
	Performance Indicator	**Reporting Period**	**Annual Target 2021/22**	**Actual performance against target**	
				Actual	**Deviation explanation**
1	Number of media platforms utilised to increase public awareness in advancing the mandate of the Legislature	Quarterly	4 media platforms utilised to increase public awareness in advancing the mandate of the Legislature	4 media platforms utilised to increase public awareness in advancing the mandate of the Legislature	
2	Number of social media platforms utilised to increase public awareness in advancing the mandate of the Legislature	Quarterly	3 social media platforms utilised to increase public awareness in advancing the mandate of the Legislature	3 social media platforms utilised to increase public awareness in advancing the mandate of the Legislature	
Strategic Objective		**To create an enabling environment through provision of strategic and technical support to MPLs**			
3	Number of media engagements undertaken to improve media relations in advancing the mandate of the Legislature	Bi – annually	2 media engagements undertaken to improve media relations in advancing the mandate of the Legislature	2 media engagements undertaken to improve media relations in advancing the mandate of the Legislature	-
4	Number of media monitoring reports developed to improve the image of the Legislature	Quarterly	4 media monitoring reports developed to improve the image of the Legislature	4 media monitoring reports developed to improve the image of the Legislature	-

2.3.2.6. International Relations, Protocol and Ceremonial Services

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of major Legislature events provided with protocol services in line with the protocol manual	Annually	1 major Legislature event provided with protocol services in line with the protocol manual	1 major Legislature event provided with protocol services in line with the protocol manual	-
2	Number of reports on ceremonial services provided to house sittings in line with the Standing Rules of the Eastern Cape Provincial Legislature	Quarterly	4 reports on ceremonial services provided to house sittings in line with the Standing Rules of the Eastern Cape Provincial Legislature	4 reports n ceremonial services provided to house sittings in line with the Standing Rules of the Eastern Cape Provincial Legislature	-
3	Number of international engagements coordinated in line with the Policy on International Relations	None	-	-	-
4	Number of programmes conducted to implement resolutions of the Commonwealth Parliamentary Association	Bi – Anually	2 programmes conducted to implement resolutions of the Commonwealth Parliamentary Association	2 programmes conducted to implement resolutions of the Commonwealth Parliamentary Association	-

2.3.3. Financial management

2.3.3.1. Finance

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of Legislature budgets timeously submitted in line with relevant financial prescripts to ensure sound financial resource allocation	Annually	2 Legislature budgets timeously submitted in line with relevant financial prescripts to ensure sound financial resource allocation	2 Legislature budgets timeously submitted in line with relevant financial prescripts to ensure sound financial resource allocation	-
Strategic Objective		Compliance with corporate governance through effective internal control environment			
1	Number of financial resources monitoring reports timeously submitted to ensure sound financial management	Quarterly	41 financial resources monitoring reports timeously submitted to ensure sound financial management	41 financial resources monitoring reports timeously submitted to ensure sound financial management	

2.3.3.2. Supply chain management

Strategic Objective		Compliance with corporate governance through effective internal control environment			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Annual Procurement Plan approved to ensure the procurement of the requisite goods and services for the Legislature	Annually	1 Annual Procurement Plan approved to ensure the procurement of the requisite goods and services for the Legislature	1 Annual Procurement Plan approved to ensure the procurement of the requisite goods and services for the Legislature	-
2	Compliant Fixed Asset Registers compiled to ensure maintenance and safeguarding of Legislature assets in line with relevant prescripts	Quarterly	1 Compliant Fixed Asset Register compiled to ensure maintenance and safeguarding of Legislature assets in line with relevant prescripts	1 Compliant Fixed Asset Register compiled to ensure maintenance and safeguarding of Legislature assets in line with relevant prescripts	-

2.3.3.3. Risk management

Strategic Objective		Compliance with corporate governance through effective internal control environment			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of integrated risk management strategies implemented to mitigate the strategic and operational risks facing the Legislature	Quarterly	5 integrated risk management strategies implemented to mitigate the strategic and operational risks facing the Legislature	5 integrated risk management strategies implemented to mitigate the strategic and operational risks facing the Legislature	-

2.3.4. Integrated Human Resources Management

2.3.4.1. Organisational Development and Human Resource Development

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of skills development interventions facilitated in line with the HRD plan	Bi – Annually	2 skills development interventions facilitated in line with the HRD plan	3 skills development interventions facilitated in line with the HRD plan	The additional skills development was as a result of the rollover from the previous financial year and the demand emanating from the conference
2	Number of employees and MPLs awarded bursaries in line with the Bursary Policy	Annually	70 employees and MPLs awarded bursaries in line with the Bursary Policy	24 employees and MPLs awarded bursaries in line with the Bursary Policy	Bursary students were not awarded to the targeted number due to the budget adjustments which necessitated the reduction of the number of students awarded bursaries and the COVID -19 lockdown that caused deregistration when students were not coping with online learning.
3	Number of organisational development programmes undertaken to strengthen institutional capacity	Bi – Anually	2 organisational development programmes undertaken to strengthen institutional capacity	4 organisational development programmes undertaken to strengthen institutional capacity	The finalization of the HR Plan was completed during the period under review. The completion of the review of the Performance Management and Development System (PMDS) was finalised during the period under review.

2.3.4.2. Human Resource Management

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Percentage of budgeted prioritised vacant posts filled to strengthen institutional capacity	Quarterly	70-100% of budgeted prioritised vacant posts filled to strengthen institutional capacity	-	The institution placed a moratorium on filling of vacant posts in the Third and Fourth Quarters of 2021/22 financial year due to budget constraints on the Compensation of Employees item.
2	Number of reports on effective personnel records management	Quarterly	4 reports on effective personnel records management	4 reports on effective personnel records management	-
3	Number of reports on effective management of human resource information system	Quarterly	4 reports on effective management of human resource information system	4 reports on effective management of human resource information system	-
4	Number of reports on effective management of employee benefits	Quarterly	4 reports on effective management of employee benefits	4 reports on effective management of employee benefits	-

2.3.4.3. Wellness

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Rollover
1	Number of Wellness Programmes conducted to promote a healthy lifestyle	Quarterly	4 wellness programmes conducted to promote a healthy lifestyle	4 wellness programmes conducted to promote a healthy lifestyle	
2	Number of health and safety programmes conducted in line with health and safety legislation	Quarterly	4 health and safety programmes conducted in line with health and safety legislation	4 health and safety programmes conducted in line with health and safety legislation	

2.3.5. Employee Relations

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of awareness sessions conducted to create a conducive work environment	Annually	1 awareness session conducted to create a conducive work environment	1 awareness session conducted to create a conducive work environment	-
2	Number of reports compiled to strengthen employer-employee relations	Annually	1 report on collective bargaining processes compiled to strengthen employer-employee relationship	1 report on collective bargaining processes compiled to strengthen employer-employee relationship	-
		Bi-Annually	2 reports on disciplinary and dispute processes compiled to strengthen employer-employee relationship	2 reports on disciplinary and dispute processes compiled to strengthen employer-employee relationship	-

2.3.6. Safety and Security Services

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of reports on the provision of effective security services in line with the Safety and Security Policy	Quarterly	4 reports on the provision of effective security services in line with the Safety and Security Policy	4 reports on the provision of effective security services in line with the Safety and Security Policy	-
2	Number of security risk assessments conducted to ensure safety and security in the Legislature	Quarterly	4 security risk assessments conducted to ensure safety and security in the Legislature	4 security risk assessments conducted to ensure safety and security in the Legislature	-

2.3.7. Information Technology and Technical Services

2.3.7.1. Information and Communication Technology

Strategic Objective		Compliance with corporate governance through effective internal control environment			
Performance Indicator		**Reporting Period**	**Annual Target 2021/22**	**Actual performance against target**	
				Actual	**Deviation explanation**
1	Number of institutional plans developed and implemented to improve ICT governance	Quarterly	12 institutional plans developed and implemented to improve ICT governance	-	The target was not achieved due to budget adjustments and the unit had to reprioritise its budget for funding the ERP project.
2	Number of digital platforms provided with technical support to facilitate internal and external engagements	Quarterly	3 digital platforms provided with technical support to facilitate internal and external engagements	3 digital platforms provided with technical support to facilitate internal and external engagements	-
3	Percent availability of effective, reliable and efficient ICT connectivity achieved	Quarterly	95 - 100% availability of effective, reliable and efficient ICT connectivity achieved	69.4% availability of effective, reliable and efficient ICT connectivity achieved	Old infrastructure and connectivity instability affected performance of the network.
4	Percentage of ICT systems availability to ensure business continuity	Quarterly	98 – 100% ICT systems availability to ensure business continuity	96.7 ICT systems availability to ensure business continuity	The target was not reached since ERP has not been implemented.

2.3.7.2. Library and Information Services

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		**Reporting Period**	**Annual Target 2021/22**	**Actual performance against target**	
				Actual	**Deviation explanation**
1	Number of tools employed to provide effective library services to internal stakeholders	Quarterly	6 tools employed to provide effective library services to internal stakeholders	6 tools employed to provide effective library services to internal stakeholders	
2	Number of mechanisms employed to provide effective archive management services	Quarterly	4 mechanisms employed to provide effective archive management services	4 mechanisms employed to provide effective archive management services	
Strategic Objective		**Increased public involvement through effective awareness and access to information**			
3	Number of public libraries provided with government information services to improve access to information	Quarterly	4 public libraries provided with government information services to improve access to information	4 public libraries provided with government information services to improve access to information	

2.3.7.3. Office Support and Household

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of reports on office support services provided to MPLs and staff to ensure a highly functional working environment	Quarterly	4 reports on office support services provided to MPLs and staff to ensure a highly functional working environment	4 reports on office support services provided to MPLs and staff to ensure a highly functional working environment	
2	Number of maintenance checks conducted to maintain a clean working environment	Quarterly	4 maintenance checks conducted to maintain a clean working environment	4 maintenance checks conducted to maintain a clean working environment	

PROGRAMME 2: FACILITIES AND BENEFITS FOR MEMBERS

2.4. PROGRAMME 2: FACILITIES AND BENEFITS FOR MEMBERS

PROGRAMME EXPENDITURE

2020/21					2019/20	
Economic Classification	Final appropriation	Actual expenditure	Variance	Expenditure by % of final appropriation	Final appropriation	Actual expenditure
Compensation of Employees	49 765	49 765	-	100.0%	46 440	46 440
Goods and Services	4 358	4 358	-	100.0%	5 121	5 121
Transfer Payments	121 419	121 419	-	100.0%	127 847	127 847
Capital Payments					-	=
Payments for financial assets					29	29
Total	175 542	175 542	-	100.0%	179 437	179 437

2.4.1. Facilities and Benefits for Members

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		**Reporting Period**	**Annual Target 2021/22**	**Quarterly Targets**	
				Actual	**Deviation explanation**
1	Number of reports on the effective implementation of agreed service standards on MPLs' benefits	Quarterly	4 reports on the effective implementation of agreed service standards on MPLs' benefits	4 reports on the effective implementation of agreed service standards on MPLs' benefits	-
2	Number of maintenance audits conducted on Members' facilities in line with the MoA with the Department of Public Works	Quarterly	4 maintenance audits conducted on Members' facilities in line with the MoA with the Department of Public Works	4 maintenance audits conducted on Members' facilities in line with the MoA with the Department of Public Works	-
Strategic Objective		**Compliance with corporate governance through effective internal control environment**			
3	Percentage timeous processing of political party claims in line with the policy on Transfer Payments to Political Parties	Quarterly	100% timeous processing of political party claims in line with the policy on Transfer Payments to Political Parties	98.5% timeous processing of political party claims in line with the policy on Transfer Payments to Political Parties	Change in bank account details of FF Plus required re-registration on payment system BAS, which process has delayed the payment

2.5. PROGRAMME 3: PARLIAMENTARY SERVICES

PROGRAMME EXPENDITURE

2021/22					2020/21	
Economic Classification	Final appropriation	Actual expenditure	Variance	Expenditure by % of final appropriation	Final appropriation	Actual expenditure
Compensation of Employees	86 120	86 120	-	100.0%	87 063	87 063
Goods and Services	19 392	17 849	1 542		14 102	13 466
Transfer Payments	1 431	1 431	-	100.0%	216	216
Capital Payments				98.5%		
Total	106 944	105 402	1 542	98.5%	101 381	100 745

2.5.1. Oversight Services

2.5.1.1. Committees

Strategic Objective		Full implementation of the Eastern Cape Legislature oversight model			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of statutory oversight reports adopted by portfolio committees to ensure accountability of the Executive.	Annually	14 reports on Budget Votes adopted by Portfolio Committees to ensure accountability of the Executive	14 reports on Budget Votes adopted by Portfolio Committees to ensure accountability of the Executive	-
		Annually	14 reports on Annual Reports adopted by Portfolio Committees to ensure accountability of the Executive	14 reports on Annual Reports adopted by Portfolio Committees to ensure accountability of the Executive	-
		Annually	14 reports on Financial Oversight Reports adopted by Portfolio Committees to ensure accountability of the Executive	14 reports on Financial Oversight Reports adopted by Portfolio Committees to ensure accountability of the Executive	-
2	Number of reports on Audit Reports adopted by the Standing Committee on Public Accounts (SCOPA) to ensure accountability of the Executive	Annually	1 report on Audit Reports adopted by the Standing Committee on Public Accounts (SCOPA) to ensure accountability of the Executive	1 report on Audit Reports adopted by the Standing Committee on Public Accounts (SCOPA) to ensure accountability of the Executive	-
3	Number of oversight visits reports adopted by Portfolio Committees to ensure accountability of the Executive	Quarterly	4 oversight visits reports adopted by Portfolio Committees to ensure accountability of the Executive	12 oversight visits reports adopted by Portfolio Committee to ensure accountability of the Executive	More oversight visits were conducted in quarter one as there were requests from Chairpersons of Committees to make up for the 2020/2021 financial year as a result of limited public participation programmes due to the declaration of the National State of Disaster.
4	Number of international study tours undertaken by Portfolio Committees	-	-	-	-
Strategic Objective		Enhance the capacity of the Legislature to make, amend and pass laws			
5	Number of reports on bills considered by Portfolio Committees to ensure effect law-making process	Quarterly	4 reports on bills considered by Portfolio Committees to ensure effect law-making process	4 reports on bills considered by Portfolio Committees to ensure effect law-making process	-

2.5.1.2. Research

Strategic Objective		Full implementation of the Eastern Cape Legislature oversight model			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of research reports produced on analysis of departmental performance to enhance oversight over the Executive	Annually	14 Budget analysis reports produced to enhance oversight over the Executive	14 Budget analysis reports produced to enhance oversight over the Executive	-
		Annually	14 Report analysis on House Resolutions produced to enhance oversight over the Executive	14 Report analysis on House Resolutions produced to enhance oversight over the Executive	-
		Annually	14 Financial Oversight Report analysis produced to enhance oversight over the Executive	14 Financial Oversight Report analysis produced to enhance oversight over the Executive	-
		Annually	14 Annual Report analysis produced to enhance oversight over the Executive	14 Annual Report analysis produced to enhance oversight over the Executive	-
2	Number of Research reports on site visits produced to enhance oversight over the Executive	Annually	28 Research reports on site visits produced to enhance oversight over the Executive	30 Research reports on site visits produced to enhance oversight over the Executive	Two additional site visits were conducted due to requests to visit schools that were previously visited in addition to new schools identified for the period.
3	Number of public outreach research reports produced to enhance public participation	-	-	-	-
4	Number of Focused Intervention Studies undertaken to enhance oversight over the Executive	Bi – annually	3 Focused Intervention Studies undertaken to enhance oversight over the Executive	3 Focused Intervention Studies undertaken to enhance oversight over the Executive -	-

2.5.1.3. National Council of Provinces (NCOP)

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of reports on NCOP-ECPL programmes facilitated for participation in the national law-making process	Quarterly	4 reports on NCOP-ECPL programmes facilitated for participation in the national law-making process	4 reports on NCOP-ECPL programmes facilitated for participation in the national law-making process	-
2	Number of Provincial Weeks facilitated to engage different stakeholders on service delivery issues	Annually	1 Provincial Week facilitated to engage different stakeholders on service delivery issues	1 Provincial Week facilitated to engage different stakeholders on service delivery issues	-
Strategic Objective		Effective participation of the legislature in national law making processes			
1	Number of reports on NCOP Bills facilitated for participation in the national law making process	Quarterly	4 reports on NCOP Bills facilitated for participation in the national law making process	4 reports on NCOP Bills facilitated for participation in the national law making process	-

2.5.2. Legal and Procedural Services

2.5.2.1. Public Participation, Petitions and Education

Strategic Objective		Enhance the mechanism to promote public involvement in legislative processes			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of special days held to address issues of public interest	Quarterly	6 special days held to address issues of public interest	2 special days held to address issues of public interest.	The planned sectoral days were moved to the 2022/2023 financial year following a decision of the Rules Committee in December 2021. The decision to defer the Children's Parliament, the Religious Parliament and Taking Legislature to the People was

Strategic Objective		Enhance the mechanism to promote public involvement in legislative processes			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
					made as a result of a congested programme of the Legislature and limited budget. The Annual Raymond Mhlaba Memorial Lecture was deferred pending further consultation with the relevant stakeholders.
2	Number of reports adopted by the Committee on Petitions to address public complaints	Quarterly	4 reports adopted by the Committee on Petitions to address public complaints	2 reports adopted by the Committee on Petitions to address public complaints.	The reports not adopted as per the target for the 3rd and the 4th Quarter due to changes in the programming of the Legislature. The reports of the Committee will be adopted at its next meeting, which has been scheduled for the April 2022 and will be inclusive of the 3rd and the 4th Quarter.
3	Number of Public Education programmes conducted to promote participatory democracy	Quarterly	4 Public Education programmes conducted to promote participatory democracy	4 Public Education programmes conducted to promote participatory democracy.	-

2.5.2.2. House Proceedings

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
1	Number of reports on documents distributed to facilitate efficient and effective House sittings	Quarterly	4 reports on documents distributed to facilitate efficient and effective House sittings	4 reports on documents distributed to facilitate efficient and effective House sittings	-
2	Number of Legislature programmes developed to ensure efficient running of the government business	Quarterly	44 Legislature programmes developed to ensure efficient running of the government business	47 Legislature programmes developed to ensure efficient running of the government business	Additional Programmes had to be prepared and disseminated following changes in theCovid-19 Regulations issued in terms of the Disaster Management Act, 2002. As a result, three additional programmes were issued to take into account the amendments that were made to the Programme.

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Actual performance against target	
				Actual	Deviation explanation
3	Number of House Resolutions communicated to Departments and Provincial Legislature on decisions taken in the House	Quarterly	39 House Resolutions communicated to Departments and Provincial Legislature on decisions taken in the House	57 House Resolutions communicated to Departments and Provincial Legislature on decisions taken in the House	Additional House Resolutions were adopted during the period under the review on the following, Oversight Visits, Public Participation Programmes and Motions tabled in the House.
4	Number of reports on responses to House Resolutions processed to enhance oversight	Quarterly	4 reports on responses to House Resolutions processed to enhance oversight	4 reports on responses to House Resolutions processed to enhance oversight	-

2.5.2.3. Hansard, Languages and Questions

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Percentage of transcripts produced on all House debates to ensure integrity of House proceedings through keeping of accurate records	Quarterly	100% transcripts produced on all House debates to ensure integrity of House proceedings through keeping of accurate records	100% transcripts produced on all House debates to ensure integrity of House proceedings through keeping of accurate records	-
2	Number of reports on translation into official languages used in the Province to ensure accessibility of information	Quarterly	4 reports on translation into official languages used in the Province to ensure accessibility of information	4 reports on translation into official languages used in the Province to ensure accessibility of information	-
3	Number of reports on interpretation services provided to the Legislature to ensure accessibility of information	Quarterly	4 reports on interpretation services provided to the Legislature to ensure accessibility of information	4 reports on interpretation services provided to the Legislature to ensure accessibility of information	-

Strategic Objective		To create an enabling environment through provision of strategic and technical support to MPLs			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
4	Number of Parliamentary Question Papers formulated to ensure Executive accountability	Quarterly	4 Parliamentary Question Papers formulated to ensure Executive accountability	4 Parliamentary Question Papers formulated to ensure Executive accountability	-

2.5.2.4. Legal Services

Strategic Objective		Enhance the capacity of the Legislature to make, amend and pass laws			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
1	Number of reports on Provincial Bills processed for consideration by the Legislature to ensure effective law-making	Quarterly	4 reports on Provincial Bills processed for consideration by the Legislature to ensure effective law-making	4 reports on Provincial Bills processed for consideration by the Legislature to ensure effective law-making	-
Strategic Objective		Effective Participation of the Legislature in the National Law-Making process			
2	Number of reports on NCOP Bills processed for consideration by the Legislature to ensure effective law-making	Quarterly	4 reports on NCOP Bills processed for consideration by the Legislature to ensure effective law-making	4 reports on NCOP Bills processed for consideration by the Legislature to ensure effective law-making	-
Strategic Objective		**Provision of the legal support to the institution**			
3	Number of reports on legal opinions provided to the Legislature to ensure constitutionally and legally sound decision making	Quarterly	4 reports on legal opinions provided to the Legislature to ensure constitutionally and legally sound decision making	4 reports on legal opinions provided to the Legislature to ensure constitutionally and legally sound decision making	-
4	Number of reports on litigation matters facilitated to ensure that the interest of Legislature is protected	Quarterly	4 reports on litigation matters facilitated to ensure that the interest of Legislature is protected	4 reports on litigation matters facilitated to ensure that the interest of Legislature is protected	-

Strategic Objective		Enhance the capacity of the Legislature to make, amend and pass laws			
Performance Indicator		Reporting Period	Annual Target 2021/22	Quarterly Targets	
				Actual	Deviation explanation
5	Number of reports on constitutionally and legally sound contracts processed to ensure protection of the Legislature	Quarterly	4 reports on constitutionally and legally sound contracts processed to ensure protection of the Legislature	4 reports on constitutionally and legally sound contracts processed to ensure protection of the Legislature	
6	Number of policies coordinated for adoption to ensure effective decision making	Annually	8 policies coordinated for adoption to ensure effective decision making	9 policies coordinated for adoption to ensure effective decision making	Due to the amendment to the codes of good of practice on sexual harassment the institution had to urgently effect amendments to its own policy on sexual harassment

A People's Assembly for Good Governance

EASTERN CAPE PROVINCIAL LEGISLATURE

PART C: GOVERNANCE

"The year of unity and renewal to advance and Defend South Africa's democratic gains."

6TH LEGISLATURE
A PEOPLE'S ASSEMBLY FOR GOOD GOVERNANCE
Eastern Cape Provincial Legislature

3. GOVERNANCE

3.1. REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2022

Review of the Legislature Strategic Plan for the 6th Term

The Financial Management of Parliament and Provincial Legislature's Act, 2009 as amended mandates the Executive Authority to oversee the preparation a Five-Year Strategic Plan, consistent with the Medium Term Expenditure Framework, for approval by the Executive Authority. This process on annual basis is followed by the development of the APP whereby the work of the Legislature is evaluated together with the work processes and further reprioritize the work of the Legislature.

Again, the development of the APP focuses on the challenges facing the country and the province that require appropriate intervention strategies. The Executive Committee had taken a lead in development of concrete strategies aligned to the institutional mandate, engage with the policy imperatives and context that must inform the plan.

The strategic planning process for the year under review was held in November with the APP ultimately tabled for budget vote 2. The APP focused on the priorities for the 6th Term as determined by the Executive Committee and the Rules Committee in the 2019 strategic planning session. These priorities are a set of strategies to be used to achieve the vision and mission highlighted in the planning documents.
Focus areas being:

- Intensification of the public participation and community education programmes
- Raising awareness in the law making processes
- Conduct vigorous oversight that leads to improved service delivery.
- Direct and active role in provincial affairs looking at the interests of the public - reconnect the Legislature with the people.
- Use of ICT to achieve the Mandate of the Institution.

Public participation

Public involvement in the processes of the Legislature is a constitutional mandate. In terms of the Standing Rules of the Eastern Cape Provincial Legislature, at the first meeting of each calendar year the Rules Committee on recommendation of the Executive Committee determines on the 2 Sectoral Parliaments to be held.
Again, the Legislative Sector adopted a Public Participation model that reinforces public participation activities and completes the cycle by the feedback arrangement.
Sectoral Parliaments focus on identified special interest groups by providing them with a platform to raise issues they face on daily basis relative to service delivery and legislative policies. With an outbreak of COVID 19 pandemic, in the year under review virtual sectoral parliaments were held and were further enhanced by hybrid approach of sitting.

State of the Province Address (SOPA)

The State of the Province Address in the year under review all Members were accommodated in the Chamber. This was the first time in two years that SOPA was held physically since the outbreak of Covid-19. The SOPA was held in the evening to accommodate most of the Eastern Cape citizens to access the outline of the government's programme through social media platforms as well community and commercial radio stations.

Nelson Mandela International Day

In 2013 the Executive Committee adopted a resolution that Nelson Mandela International Day must be commemorated each year by the Eastern Cape Provincial Legislature to heed to the United Nations call. To give meaning to this initiative, Members of the Provincial Legislature embarked on Mandela Day activities in accordance to their various districts. Old age homes and early childhood centres were earmarked for the Nelson Mandela programmes. Blankets and other goodies were handed over to old age homes and early childhood centres. This was made possible by sponsorships received from various service providers.

Naming of Legislature spaces

The Women's Caucus made a submission to the Honourable Speaker requesting the Legislature to initiate a debate on the possible naming of some the unnamed buildings and boardrooms within the Legislature. The Women's Caucus believed that continuation of the project that was started in the third term, shall serve as one of the instruments of addressing gender inequality in the Eastern Cape. After the long process of consultation with the political parties within the Legislature and members of the affected families, the project was successfully launched in March 2022.

Public Education Programmes

Education and information dissemination represent a key element of the South African Legislative Sector' s commitment to ensure effective public participation in order to ensure meaningful participation in the legislative processes. In the year under review, Members of the Eastern Cape Provincial Legislature embarked on a voter education programme to ensure maximum participation in the local government elections. A District Based Oversight Model was utilised in executing the public education programme. Various stakeholders such as IEC were put on board to ensure leveraging of resources.

CWP Programmes

The Commonwealth Women's Association (CWP) was established under the arm of Commonwealth Parliamentary Association (CPA) specifically to advocate for an increase in the number of female elected representatives in Parliaments and Legislatures across the Commonwealth. It also ensures that women issues are debated during parliamentary debates and on development of legislations.

The inclusion and mainstreaming of the vulnerable groups in the programmes of the Legislature is one of the elements of the mission statement of the Legislature which is to ensure that vulnerable groups are integrated in all programmes of the Legislature.

To give effect to the above cited context identified learners across all districts and metros in grades ten and eleven that are females, role played being Members of Provincial Legislature during the Young Women Parliament that was hosted by the Eastern Cape Provincial Legislature under the banner of the Commonwealth Women Parliamentarians. The Young Women Parliament- Mock Parliament was hosted in August under the theme "**Grooming the next generation of women leaders": – "learn by doing".** Also among participants were learners from special schools and unemployed graduates.

CPA Programme

CPA is an organisation that was established to support good governance, democracy and human rights among Commonwealth Parliaments.

In responding to the resolutions taken in the last CPA conference, Members of the Eastern Cape Provincial Legislature embarked on a tree planting activity across the Province during the schools' visits programme. The activity was aimed at raising awareness to children and local communities on the importance of planting and saving trees, addressing the environmental challenges and dispel the unfavourable effects of climate change. This was done in partnership with the Department of Forestry Fisheries and Environment.
In celebrating Africa Day, again the Executive Committee hosted the webinar under the theme, – **Linking the urbanisation management efforts of different role players towards sustainable urban spaces**. This was done in acknowledgment of the critical role in fighting poverty and sustainable economic growth and are often considered the future of prosperity in the developing world.

Oversight

In exercising its oversight and accountability in the year under review, the portfolio committees undertook an evidence-based oversight through visiting projects and interacting with communities on the ground. This was activity was meant to enhance the ordinary work of the oversight mandate that includes consideration of the budget votes, responses to house resolutions, consideration of bills and consideration of financial oversight and annual reports.
Also, Members of the Eastern Cape Provincial Legislature, led by the Portfolio Committee on Education each year embarked on the annual schools' visit programme. In this regard the Rules committee took a decision to institutionalise the schools 'visits programme so that all Members of the Legislature are part of the programme

so that greater number of schools in the Province are covered. In the year under review, Members were divided into 16 teams and visited identified schools across the province. During this process teams of Members identify challenges and difficulties experienced and make recommendations with possible solutions that later became House resolutions.

Law making

The Constitution vests the provincial legislative authority in the Provincial Legislature through law making powers. The Constitution is elaborate on the high responsibilities and procedures of the House in processing the different categories of Bills. The Standing Rules of the Eastern Cape Provincial Legislature standardises proceedings and procedures through the Standing Rules.
With regards to processing of Bills, it becomes difficult to state upfront the number of Bills that will be processed each year as we deal with both Provincial and National Bills (section 76). In this instance a baseline to plan for the Bills in the coming year may be used although it has high risks as number of Bills may increase.

In the year under review the Eastern Cape Provincial Legislature has promulgated some of the provincial acts and also dealt in the processing of section 76 bills and had conferred mandates in that regard. Most importantly, the institution commenced with the rolling out of activities leading to the drafting of the legislation to amend the Money Bills that aims at enhancing oversight in the consideration of the provincial budget. In the year under review the Rules Committee approved appointment of the Members of the Standing Committee on Budget and Money Bills as envisaged by section 4 of the Act. Empowerment of the Members has since commenced so that they can fully implement the provisions of the Act.

GOVERNANCE ISSUES

ERP

In order to fully comply with financial management and reporting requirements of the Financial Management for Parliament and Provincial Legislatures Act (FMPPLA), No. 10 of 2009, the organization has taken a strategic decision to procure and migrate to a fully integrated and General Recognized Accounting Practice (GRAP) compliant Enterprise Resource Planning (ERP) System.
The required solution is aimed at providing the Eastern Cape Provincial Legislature with a **seamless planning and working environment**. Hence, some of the set objectives for deploying this solution are:

- Integration of Finance, Supply Chain Management (Procurement) and Human Resources business processes
- Generate accrual-based financial performance reports that are compliant to General Recognized Accounting Practice (GRAP) standards

The first phase of the ERP was concluded during the 2021/2022 financial year, having through tendering processes. An additional funding was required to complete procurement of the solution. The implementation process had commenced with the targeted go live date being 1 August 2022. Priority has been given to finance, human resource and supply chain management modules which are at the core of our governance and accountability processes.

Supply Chain Management

The supply chain management operations remained manual based, in the absence of automated systems and that poses risks inherent to manual operations. In addition, this poses challenges in the application of Generally Recognized Accounting Practices (GRAP) in preparation of financial statement disclosures on items such as payables and accruals. However, with the finalization of the procurement of the ERP system in the year under review, situation will change in the next reporting year.

Also, it must be noted that for the first time in the year under review, an open tender system was executed during the adjudication process of the ERP system. Bidders and members of the public were invited to view the process via social media platforms and that instilled public confidence in the process.

Risk Management

The risk unit is responsible for creating a risk awareness culture, formally bringing consideration of the risk into decision-making and to provide central co-ordination, oversight and focus on the Legislature risk management initiatives. Efforts to improve internal control within the environment of the administrative arm of the Legislature were strengthened.
The unit with the help of the internal auditor conducted risk assessments for the year under review. The risk assessment is intended to identify areas that could block attainment of the institutional goals. The unit had also continuously supported the Audit Committee by providing secretariat responsibilities.

Budget

The budget and expenditure breakdown is included in the table below:-

Table 1.

Program Item Description	Total Adjusted Budget	Expenditure as at end of March 2022	Last and Final Virement	Budget after Virement	Under / (Over)
Administration	228,540	213,091	(1,425)	227,115	14,024
Members Facilities and Benefits	171,927	175,542	3,615	175,542	-
Parliamentary Services	107,718	105,402	(774)	106,944	1,542
Direct Charge	71,139	69,723	(1,416)	69,723	-
TOTAL	**579,324**	**563,758**	**-**	**579,324**	**15,566**

The Legislature has spent 97.3 percent of its total adjusted budget of R579, 3 million. The underspending of 2.7 percent (R15, 57 million) is mainly attributed to the capital budget earmarked for the ERP, Network and Server infrastructure. The ERP tender was awarded in October 2021 and not all invoices received could be paid before the end of March 2022 and these had to be carried over to the 2022/2023 financial year. Bids advertised for the Network and Service infrastructure were non-responsive and as a result they had to be advertised again and that will also be finalised in the 2022/2023 financial year.

Due to cost pressures under Programme 2: Members Facilities and Benefits, virements had to be made in the other programmes to offset overspending under goods and services and payments for leave gratuities.

Irregular expenditure

There was no irregular expenditure during the period under review.

Donor Funding

There was no donor funding during the period under review.

SCOPA resolutions

There were no SCOPA resolutions to which the Legislature was required to respond to during the period under review.

Organisations to whom the transfer payment have been made

Transfer payments were made to political parties in terms of the Policy for Funding of Political Parties.

Interim financial statements

The Legislature prepares and submits monthly financial statements to the Executive Authority which have been prepared in accordance to GRAP standards. These financial statements are prepared by converting the cash Trial Balance from BAS to Caseware system to ensure compliance with accrual reporting.

Prior modifications to audit reports

There has been no prior modification made to audit reports.

Internal audit unit

The Legislature has an outsourced internal audit function. This is an independent and objective strategic decision aimed to add value and improve the institution's operations. The Internal Audit function has been operating in accordance to an approved three-year risk based internal audit rolling plan, which was completed in consultation with Management and approved by Audit Committee.

The Internal Audit function reports administratively to Accounting Officer and functionally to the Audit Committee as per the Internal Audit Charter which was reviewed and adopted by Audit Committee. The unit has conducted reviews, provided recommendations, reported on implemented progress to Accounting Officer and Audit Committee according to the approved Internal Audit plan.

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MS NOMAWETHU NGCAKANI
ACCOUNTING OFFICER AND SECRETARY TO THE EASTERN CAPE PROVINCIAL LEGISLATURE

3.2. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit committee members and attendance
The audit committee consists of the members listed hereunder. In terms of section 47 of the FMPPLA, the Audit Committee should meet at least four times in a year. During the current year 7 (seven)audit committee meetings with Management and 2 meetings with Executive Authorities were held.

Name of member	Audit Committee Dates						
	2021/05/20	2021/05/28	2021/08/18	2021/10/22	2022/03/14	2022/04/20	2022/03/31
Mr S Ngqwala (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms LS Smith	Yes	Yes	No	Yes	No	Yes	Yes
Ms L Geza	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr W Manthe	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr V Pangwa	No	Yes	Yes	No	Yes	Yes	Yes

Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 48 of the FMPPLA and Treasury Regulation 27.1.
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 this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Provincial Legislature over financial and risk management is effective, efficient, and transparent. In line with the FMPPLA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Management of the Eastern Cape Provincial Legislature during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the audit annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority for inclusion in the annual report;
- reviewed the Auditor-General of South Africa's management report and management's response thereof;
- reviewed current year annual financial statements submitted to the Auditor-General;
- reviewed changes to accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions.

Internal Audit

The Internal Audit function was outsourced for the year under review to Lunika Incorporated.

The Audit Committee has approved the Internal Audit plan and the Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Provincial Legislature and its audits.
The table below reflects the audits that were conducted by the Internal Audit under the year under review:

#	INTERNAL AUDIT PROJECT	TIMING OF PROJECT	STATUS
1	Annual Financial Statements review	Q4	Complete
2	Quarterly performance information	Q1, Q2, Q4	Complete
3	Annual Performance Report	Q4	Complete
4	Risk Management (Facilitation of risk identification and assessment process)	Q4	Complete
5	Review of Draft Annual Performance Plan	Q4	Complete
6	Covid-19 strategic review	Q3	Complete
7	Governance and Compliance Management	Q4	Complete
8	ICT Reviews	Q1-Q4	Complete
9	Stakeholder management review	Q2	Complete
10	ERP Project Assurance.	Q1-Q4	Complete
11	Budget Planning and In Year Monitoring	Q3	Complete
12	Asset management review	Q3	Complete
13	Review of Commitments and Accruals (100%)	Q4	Complete
14	Transfer payments to Political Parties	Q1-Q4	Complete
15	Follow-up review	Q3	Complete
16	Project administration (Audit Committee attendance; Internal Audit Activity Report; Drafting of ARC Minutes	Q4	Complete
17	Internal audit plan & Internal audit methodology	Q4	Complete
18	Internal audit charter	Q4	Complete
19	Audit and risk audit charter	Q4	Complete
20	Quality assurance review	Q4	Complete
21	Key control assessment	Q4	Complete
22	Office support effectiveness	Q4	Complete
23	Assessment of ECPL to SHE requirements	Q4	Complete

Auditor General of South Africa

The Audit Committee as represented by the Audit Committee Chairperson has met with the Auditor General of South Africa to discuss the audit strategy. The Auditor-General has also presented the draft audit report and management report to the Audit Committee. The Audit Committee accepts the Auditor-General of South Africa's report the annual financial statements and annual performance information report and are of the opinion that the audited annual financial statements and annual performance information report should be accepted and read together with the report of the Auditor-General of South Africa.

Sngqwala

Mr S. Ngqwala
Chairperson of the Audit Committee
Date: 31/05/2022

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EASTERN CAPE PROVINCIAL LEGISLATURE

PART D: HUMAN RESOURCE MANAGEMENT

4. Human Resource Management

Service Delivery

Table 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Development Management, review and implementation of Integrated Human Resource Management policies.	MPLs, all staff members and Organised Labour	MPLs, Staff members and Organised Labour	Ensure effective and efficient implementation and management of IHRM policies	During the period under review, new policies such as Policy on Return to Work as well as Policy on COVID-19 Management were drafted and will be consulted upon with stakeholders in 2022/23 financial year. Other Human Resource policies affecting MPLs and staff were reviewed and the existing policies were implemented accordingly.
Recruitment and selection	All staff members and applicants	Employees	Ensure that all budgeted vacant posts are filled.	Due to budget constraints, no posts could be filled.
Management of conditions of service	MPLs and staff members	MPLs and Staff members	Ensure effective and efficient implementation of all employees' and MPLs' conditions of service.	All MPLs and employees' salary and personal records have been updated.
Management of PERSAL system	MPLs and staff members	MPLs and staff members	Ensure that all MPLs and Employees salary and records information is up to date	All MPLs and Employees' salary and records information were updated accordingly.
Human Resource Development	MPLs and staff members	MPLs and all staff members	Training of MPLs and employees	Training for 25 HR officials on new HR trends was conducted. There was no training conducted for MPLs due to financial constraints.

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
General meetings with employees and management	Employer and employees	Organised Labour, employees and managers	The meetings with employees, Organised Labour and management were held virtually during the period under review.
Implementation of Health and Wellness programmes	MPLs and Employees	MPLs and Employees	Health and Wellness interventions were implemented.

Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
Consultation with Managers, Organised Labour, Executive Committee and Rules Committee on Policy Development	Consultation with Managers, Organised Labour, Executive Committee and Rules Committee were focused on reviewed policies that affect MPLs and staff as well as issues that relate benefits and health and safety under COVID – 19 lockdown period.

Table 1.4 – Service information tool

Types of information tool	Actual achievements
Human Resource Plan	Training for 25 HR officials on new HR trends was conducted. Conference on African Language Association of Southern Africa (ALASA) was facilitated and attended by 4 officials. Due to budget constraints no posts could be filled.

Table 1.5 – Complaints mechanism

Grievance Mechanism	Actual achievements
Grievance procedure	No formal grievance handled during this period under review.

Expenditure

TABLE 2.1 – Personnel costs by programme, 2021/22

Programme	Total Voted Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Personnel cost as a percentage of total expenditure	Average personnel cost per employee (R'000)	Total no of Employment
Programme 1	213 108	166 437	0,00	78,10	962	173
Programme 2	175 539	49 765	0,00	28,30	766	65
Programme 3	104 776	86 120	0,00	82,20	1 196	72
Members	69 725	68 183	0,00	97,80	1 311	52
Total	**563 148**	**370 505**	**0,00**	**65,80**	**1 024**	**362**

TABLE 2.2 – Personnel costs by salary bands, 2021/22

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R')
Interns	**0**	0	**0**
Lower skilled (Grade 2-5)	36 035	9,50	507 535
Skilled (Grade 6-8)	53 631	14,20	1 489 750
Highly skilled production (Grade 9-12)	134 162	35,40	1 328 337
Management (Grade 14-22)	78 494	20,70	1 868 905
Total	**302 322**	**79,80**	**1 209 288**

This is inclusive of Support staff to MPLs

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2021/22

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Programme 1	153 520	92,20	345	0,20	7 405	4,40	5 167	3,10
Programme 2	45 832	92,10	0	0,00	2 302	4,60	1 631	3,30
Programme 3	80 311	93,30	8	0,00	3 540	4,10	2 261	2,60
Total	**279 663**	92,50	**353**	0,10	**13 247**	4,40	**9 059**	3,00

This is inclusive of Support staff to MPLs

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2021/22

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Interns	**0**	0	0	0	0	0	0	0
Lower skilled (Grade 2-5)	31 361	86,50	215	0,60	2 589	7,10	2 077	5,70
Skilled (Grade 6-8)	48 215	90,00	25	0,00	3 113	5,80	2 205	4,10
Highly skilled production (Grade 9-12)	125152	93,40	113	0,10	**5 403**	4,00	3293	2,50
Management (Grade 14-22)	74935	95,40	0	0,00	**2 142**	2,70	1484	1,90
Total	**279 663,00**	**92,50**	**353**	**0,10**	**13 247**	**4,40**	**9 059**	**3,00**

This is inclusive of Support staff to MPLs and Interns

Employment and vacancies

TABLE 3.1 – Employment and vacancies by programme, 31 March 2022

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration	381	250	34,4	3
Support Staff to MPLs	57	57	0	0
Remuneration of elected public representatives	52	52	0	0
Total	**490**	**359**	**34,4**	**3**

NB: This number is inclusive of Political Office Bearers and the support staff to MPLs

TABLE 3.2 – Employment and vacancies by critical occupation, 31 March 2022

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Grade 1-5)	107	71	33,6	2
Skilled (grade 6-8)	69	36	48,8	0
Highly skilled production (Grade 9-12)	156	101	28,8	0
Highly skilled supervision (Grade 13-17)	44	38	13,6	1
Senior management (Grade 18-21)	05	4	20	0
Total	**381**	**250**	**34,4**	3

Job evaluation

TABLE 4.1 – Job Evaluation, 1 April 2021 to 31 March 2022

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Unskilled (Grade 2-5)	107	0	0	0	0	0	0
Semi-skilled (Grade 6-8)	69	0	0	0	0	0	0
Skilled production (Grade 9-12)	156	0	0	0	0	0	0
Professionally qualified (Grade 13-17)	44	0	0	0	0	0	0
Executive Management Service (Grade 18-21)	05	0	0	0	0	0	0
Total	**381**	0	0	0	0	0	0

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2021 to 31 March 2022

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2021 to 31 March 2022 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administration Officer	0	0	0	0
Senior Admin Officer	0	0	0	0
Secretary	0	0	0	0
Accountant	0	0	0	0
TOTAL	0	0	0	0

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2021 to 31 March 2022

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0

Employment changes

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary Band	Employment at Beginning of Period (April 2021)	Appointments	Terminations	Turnover rate %
Lower skilled (Grade 2-5)	74	0	3	4
Skilled (Grade 6-8)	38	0	2	5,3
Highly skilled production (Grades 9-12)	103	0	3	2,9
Highly skilled supervision (Grades 14-17)	41	0	3	7,3
Senior Management (Grades 19-22)	5	0	1	20
TOTAL	**261**	**0**	**12**	**4,6**

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2021 to 31 March 2022

Occupation:	Number of employees per occupation as on 1 April 2021	Appointments	Terminations
Top Management	5	0	1
General Managers	10	0	1
Committee Coordinators	20	0	0
Researchers	17	0	0
TOTAL	**52**	0	2

Table 5.3 – Reasons why staff are leaving the Legislature

Termination Type	Number	% of total
Death	0	0
Resignation	1	8.3
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	1	8.3
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	8.3
Retirement	9	75
Transfers to other Public Service Departments	0	0
Other	0	0
TOTAL	**12**	**100**

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Top Management	5	0	0	0	0
General Managers	10	0	0	0	0
Committee Coordinators	20	0	0	4	20%
Researchers	17	0	0	8	47%
Total	**52**	0	0	12	23%

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Grades 2-5	74	0	0	12	16%
Grade 6-8	38	0	0	16	42%
Grades 9-12	103	0	0	32	31%
Grades 14-17	41	0	0	05	12%
Grades 19-22	5	0	0	0	0
Total	**261**	0	0	**65**	**25%**

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

Occupational categories	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Unskilled and defined decision making (Grade 2-3)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Grade 4-7)	1	0	0	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, middle management, supervisors, foremen and superintendents (Grade 8-12)	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management (Grade 14 – 15)	0	0	0	0	0	1	0	0	1	0	1
Top management (Grade 16 - 17)	0	0	0	0	0	0	0	0	0	0	0
Executive Management (Grade 19 – 22)	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1	0	0	1	0	2	0	0	2	0	3

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

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Unskilled and defined decision making (Grade 2-3)	**14**	**0**	**0**	**14**	**0**	**32**	**0**	0	**32**	**0**	**46**
Semi-skilled and discretionary decision making (Grade 4-7)	**23**	**1**	**0**	**24**	**0**	**32**	**4**	**0**	**36**	**0**	**60**
Skilled technical and academically qualified workers, middle management, supervisors, foremen and superintendents (Grade 8-12)	**43**	**2**	**0**	**45**	**0**	**55**	**0**	**0**	**55**	**2**	**102**
Professionally qualified and experienced specialists and mid-management (Grade 14 – 15)	**12**	**0**	**0**	**12**	**0**	**14**	**2**	**0**	**16**	**1**	**29**
Top management (Grade 16 - 17)	**5**	**0**	**0**	**5**	**0**	**4**	**0**	**0**	**4**	**0**	**9**
Executive Management (Grade 19 – 22)	**1**	**0**	**0**	**1**	**0**	**2**	**0**	1	**3**	**0**	**4**
TOTAL	**98**	**3**	**0**	**101**	**0**	**139**	**6**	**1**	**146**	**3**	**250**

6.3 – Recruitment for the period 1 April 2021 to 31 March 2022

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Unskilled and defined decision making (Grade 2-3)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision Making (Grade 4-7)	0	0	0	0	0	0	0	0	0	0	0
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent (Grade 8-12)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Grade 14-15)	0	0	0	0	0	0	0	0	0	0	0
Top Management (Grade 16 - 17)	0	0	0	0	0	0	0	0	0	0	0
Executive Management (19 - 22)	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

6.4 – Promotions for the period 1 April 2021 to 31 March 2022

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Unskilled and defined decision making (Grade 2-3)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision Making (Grade 4-7)	0	0	0	0	0	0	0	0	0	0	0
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent (Grade 8-12)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Grade 14-15)	0	0	0	0	0	0	0	0	0	0	0
Top Management (Grade 16 - 17)	0	0	0	0	0	0	0	0	0	0	0
Executive Management (19 - 22)	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

6.5 – Terminations for the period 1 April 2021 to 31 March 2022

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Unskilled and defined decision making (Grade 2-3)	0	0	0	0	0	1	0	0	1	0	1
Semi-skilled and discretionary decision Making (Grade 4-7)	3	0	0	3	0	1	0	0	1	0	
Skilled Technical and academically qualified workers, middle management, supervisors, foremen, and superintendent (Grade 8-12)	1	0	0	1	0	2	0	0	2	0	0
Professionally qualified and experienced specialists and mid-management (Grade 14-15)	2	0	0	2	0	0	0	0	0	0	0
Top Management (Grade 16 - 17)	0	1	0	1	0	0	0	0	0	0	0
Executive Management (19 - 22)	1	0	0	1	0	0	0	0	0	0	0
TOTAL	7	1	0	8	0	4	0	0	4	0	12

6.6 – Disciplinary action for the period 1 April 2021 to 31 March 2022

Description	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**

6.7 – Skills development for the period 1 April 2021 to 31 March 2022

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making (grade 2-3)	0	0	0	0	0	0	0	0	**0**
Semi-Skilled and discretionary decision making (4-7)	8	0	0	0	12	3	0	0	**23**
Skilled, Technical and academically qualified workers (8-12)	12	1	0	0	36	0	0	1	**50**
Professionally qualified and experienced specialists (14-15)	6	0	0	0	14	1	0	1	**22**
Top Management (16-17)	3	1	0	0	4	0	0	0	**8**
Executive Management (19-22)	2	0	0	0	2	0	1	0	**5**
Total	**31**	**2**	**0**	**0**	**68**	**4**	**1**	**2**	**108**
Employees with disabilities	0	0	0	0	0	0	0	0	**0**

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2021 to 31 March 2022

Description	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	**288**	**291**	**99**	**13 073**	**45 391**
Female	173	182	95	7 413	42 852
Male	115	119	97	5 659	49 212
Asian	**1**	**02**	**50**	**33**	**32 858**
Female	1	02	50	33	32 858
Male	0	0	0	0	0
Coloured	**13**	**13**	**100**	**576**	**44 293**
Female	8	08	100	335	41 885
Male	5	05	100	241	48 146
White	**8**	**09**	**89**	**408**	**51 015**
Female	6	06	100	328	54 658
Male	2	03	67	80	40 087
Employees with a disability	1	**1**	100	33	32858
Total	**311**	**315**		**14 122**	**45 410**

NB The beneficiaries of Performance Rewards include Support staff to MPLs

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2021 to 31 March 2022

Salary Bands	Beneficiary Profile				
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Lower skilled (Grades 1-5)	72	78	92,3	1 477	20 521
Skilled (Grades 6-8)	73	80	91,3	2 245	30 758
Highly skilled production (Grades 9-12)	119	133	89,5	6 822	57 327
Total	**264**	**291**	**90,7**	**10 545**	**39 942**

NB The beneficiaries of Performance Rewards include Support staff to MPLs

TABLE 7.3 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee
	Number of beneficiaries	Number of employees	% of total within band		
14-17	42	44	95,5	3 061	72 880
19-22	4	5	40	517	103 328
Total	**46**	**49**	**93,9**	**3 578**	**76 119**

NB The beneficiaries of Performance Rewards include Support staff to MPLs

TABLE 8.1 – Foreign Workers, 1 April 2021 to 31 March 2022, by salary band

Salary Band	31 March 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Grades 1-5)	0	0	0	0	0	0
Skilled (Levels6-8)	0	0	0	0	0	0
Highly skilled production (Grades 9-12)	0	0	0	0	0	0
Highly skilled supervision (Grades 13-17)	0	0	0	0	0	0
Senior management (Grades 18-22)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

TABLE 8.2 – Foreign Worker, 1 April 2020 to 31 March 2021, by major occupation

Major Occupation	1 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% change
General Manager	0	0	0	0	0	0
Researcher	0	0	0	0	0	0
Total	0	0	0	0	0	0

Leave utilisation for the period 1 January 2021 to 31 December 2021

TABLE 9.1 – Sick leave, 1 January 2021 to 31 December 2021

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total Number of days with medical certificate	Total number of days without Medical certificate
Salary Band 1-5	10	100	1	1,4	10	10	10	0
Salary Band 6-8	56	100	7	19,4	8	95	56	0
Salary Band 9-12	280	100	7	6,9	40	690	280	0
Salary Band 14-17	106	100	9	23,7	11,8	449	106	0
Salary Band 19-22	11	100	2	50	5.5	50	11	0
TOTAL	**463**		**26**	**10**		**1294**	**463**	**0**

TABLE 9.2 – Additional Sick leave 1 January 2021 to 31 December 2021

Salary Band	Total days taken	% days with medical certification	Number of Employees using additional sick leave	% of total employees using additional sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Grades 1-5)	225	225	1	100	225	319
Skilled (Grades 6-8)	0	0	0	0	0	0
Highly skilled production (Grades 9-12)	77	77	1	100	77	171
Highly skilled supervision (Grades 14-17)	262	262	1	100	262	1099
Senior management (Grades 19-22)	0	0	0	0	0	0
Total	**564**	**564**	**3**	**1,2**	**188**	**1589**

TABLE 9.3 – Annual Leave, 1 January 2021 to 31 December 2021

Salary Bands	Total days taken	Average no of days per employee	Estimated Cost (R'000)	Number of employees who took leave
Lower skilled (Grades 1-5) -	70	11,7	93	6
Skilled (Grades 6-8) -	82	5,9	141	14
Highly skilled production (Grades 9-12)	221	12,3	581	18
Highly skilled supervision (Grades 14-17)	180	11,3	670	16
Senior management (Grades 19-22)	13	13	77	1
Total	**566**	**10,3**	**1562**	**55**

TABLE 9.4 – Capped leave, 1 January 2021 to 31 December 2021

Salary Bands	Total days of capped leave utilised	Average number of days utilised per employee	Average capped leave per employee as at 31 December 2021	Total cost of capped leave as at 31 December 2021(R'000)	Total number of capped leave available at 31 December 2021	Number of Employees as at 31 December 2021
Lower skilled (Grades 2-5)	0	0	23	1988	1699	74
Skilled (Grades 6-8)	0	0	28	1455	841	37
Highly skilled production (Grades 9-12)	0	0	28	8562	2852	101
Highly skilled supervision (Grades 13-17)	0	0	22	3248	820	38
Senior management (Grades 18-21)	0	0	15	312	61	4
Total	**0**	**0**	**25**	**15 565**	**6273**	**254**

TABLE 9.5 – Leave pay-outs for the period 1 January 2021 to 31 December 2021

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount paid (R'000)	Number of Employees	Average payment per employee
Capped leave pay-outs on termination of service for 2021	1 150	10	114 958
Current leave pay-out on termination of service for 2021	1 490	10	148 996
Total	**2 640**	**20**	**132 000**

HIV and AIDS & Health Promotion Programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure 2021/2022

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Integrated Human Resource Management, Finance and Supply Chain Management	Developed and implemented a Risk Assessment Plan for prevention of COVID – 19 and ensured compliance with Disaster Management Act and its Regulations as well as Occupational Health and Safety Act and its Regulations.

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		The Public Service Regulations are not applicable to the Legislative Sector and therefore not applicable to the Eastern Cape Provincial Legislature. However, Ms Pumza Mbutuma, is a Senior Manager responsible for Wellness and therefore deals with all HIV and AIDS programmes.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		embers of staff form part of the Wellness Unit and designated for specifically to promote the health and wellbeing of your employees.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Combination of internal and external Employee Assistance Programme (EAP). Occupational Health and Safety (OHS). HIV and Aids and TB Management. Incapacity Management. Sports and recreation.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	Health and Safety Committee.

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Policy on HIV and AIDS.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Policy on HIV and AIDS.
7. Does the Legislature encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Wellness days include voluntary HIV testing.
8. Has the Legislature developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

Labour relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2021 to 31 March 2022

Subject Matter	Date
Substantive Salary Negotiations at Centralised Bargaining of the Legislative Sector.	The negotiations were concluded on 14 January 2022.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2021 to 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	0.3
Not guilty	0	0
Case withdrawn	0	0
Total	1	0.3

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Gross negligence	0	0
Dishonesty	0	0
Insubordination	1	0.3
Absenteeism	0	0
Criminal conviction	0	0
Verbal Assault	0	0
Total	**0**	**0**

TABLE 11.4 – Grievances lodged for the period 1 April 2021 to 31 March 2022

Description	Number	% of Total
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
Total number of grievances lodged	**0**	0

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2021 to 31 March 2022

Description	Number	% of Total
Number of disputes upheld/ continuing	0	0
Number of disputes dismissed/ Resolved	0	0
Total number of disputes lodged	**0**	0

TABLE 11.6 – Strike actions for the period 1 April 2021 to 31 March 2022

Total number of person working days lost	Number
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 11.7 – Precautionary suspensions for the period 1 April 2021 to 31 March 2022

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Skills development

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

12.1 – Training needs identified 1 April 2021 to 31 March 2022

Occupational Categories	Gender	Number of employees as at 31 March 2022	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Unskilled and defined decision making (2-3)	Female	32	0	0	0	0
	Male	14	0	0	0	0
Semi-skilled and discretionary decision making (4-7)	Female	36	0	15	0	15
	Male	24	0	8	0	8
Skilled, technical and academically qualified workers (8-12)	Female	57	0	37	0	37
	Male	45	0	13	0	13
Professionally qualified and experienced specialists (14-15)	Female	17	0	16	0	16
	Male	12	0	6	0	0
Top Management (16-17)	Female	4	0	4	0	4
	Male	5	0	4	0	4
Executive Management (19-22)	Female	3	0	3	0	3
	Male	1	0	2	0	2
Sub Total	Female	149	0	75	0	75
	Male	101	0	33	0	33
Total		**150**	**0**	**108**	**0**	**108**

12.2 – Training provided 1 April 2021 to 31 March 2022

Occupational Categories	Gender	Number of employees as at 31 March 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Unskilled and defined decision making (2-3)	Female	32	0	0	0	**0**
	Male	14	0	0	0	**0**
Semi-skilled and discretionary decision making (4-7)	Female	36	0	0	0	**0**
	Male	24	0	0	0	**0**
Skilled, technical and academically qualified workers (8-12)	Female	57	0	0	0	**0**
	Male	45	0	0	0	**0**
Professionally qualified and experienced specialists (14-15)	Female	17	0	0	0	**0**
	Male	12	0	0	0	**0**
Top Management (16-17)	Female	4	0	0	0	**0**
	Male	5	0	0	0	**0**
Executive Management (19-22)	Female	3	0	0	0	**0**
	Male	1	0	0	0	**0**
Sub Total	**Female**	149	0	0	0	**0**
	Male	101	0	0	0	**0**
Total		**150**	**0**	**0**	**0**	**0**

Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2021 to 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**0**	**0**

Utilisation of consultants

Table 14.1(a) – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
N/A			

Table 14.1(b) – Report on consultant appointments using appropriated funds

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A			

Table 14.3(a) – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
N/A			

Table 14.3 (b)– Report on consultant appointments using Donor funds

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A			

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
N/A			

A People's Assembly for Good Governance

EASTERN CAPE PROVINCIAL LEGISLATURE

PART E: FINANCIAL INFORMATION

Report of the Auditor-General to the Eastern Cape Provincial Legislature on vote no. 2: Eastern Cape Provincial Legislature

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Legislature set out on pages 79 to 141, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the 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 Eastern Cape Provincial Legislature as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPLA).

Basis for opinion

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

4 I am independent of the legislature in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

6. 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.

7. 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

8. 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.

9. 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

10. 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.

11. 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.

12 I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the legislature's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3: Parliamentary services	39-45

13 I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14 I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Report on the audit of compliance with legislation

Introduction and scope

15 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.

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

Other information

17. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

18 My opinion on the financial statements and 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.

19. 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.

20. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and 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 information be corrected. If the other information is not corrected, I may have to retract this report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor - General

East London

30 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

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

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

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

General Information

Legal Form of Entity	Provincial Legislature
Nature of Business and Principal Activities	The main services offered by the Eastern Cape Provincial Legislature are as follows: • Sustain a legislative process that produces good and just laws • Provide support for vigorous oversight of the Executive • Provide an enabling environment for Members to be effective • Effective, efficient and economical management of resources • Ensure good governance • Effective and meaningful public participation, education and awareness. The Administration of the Provincial Legislature, in support of this, provides an enabling environment for Members to achieve their constitutional objectives.
Speaker of the Legislature	Honourable Sauls-August H
Deputy Speaker of the Legislature	Honourable Qoboshiyane M
Chairperson of Committees	Honourable Nkopane N.S
Deputy Chairperson of Committees	Honourable Duba T
Secretary to the Legislature	Ms. Ngcakani N
Executive Manager: Oversight	Ms. Mene N
Chief Financial Officer	Ms. Abdool R
Executive Manager: Corporate Services	Mr Hobongwana P
Executive Manager: Legal and Procedural Services (Acting)	Advocate Beja K
Business Address	Business address Independence Avenue Bhisho 5605
Postal address	Private Bag X0051 Bhisho 5605
Banker	First National Bank, a division of First Rand Bank Limited
Auditors	Auditor-General of South Africa

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Accounting Officer's Responsibilities and Approval

The Secretary to the Legislature as the Accounting Officer is required by the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 as amended (FMPPLA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the situation of the Legislature as at the end of the financial year and the results of its operations and cash flows for the period ended. The external auditors are engaged to express an independent opinion on the annual financial statements and are given unrestricted access to all financial records and related data.

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

The Accounting Officer acknowledges that she is ultimately responsible for the system of internal financial control established by the Legislature and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner.

The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Legislature and all employees are required to maintain the highest ethical standards in ensuring the Legislature's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Legislature is on identifying, assessing, managing and monitoring all known forms of risk across the Legislature. While operating risk cannot be fully eliminated, the Legislature endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The 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 Accounting Officer has reviewed the Legislature's cash flow forecast for the year ended 31 March 2023 and in the light of this review and the current financial position, she is satisfied that the Legislature has access to adequate resources to continue in operational existence for the foreseeable future.

The Legislature is largely dependent on the equitable share as allocated by Provincial Treasury for its continued funding of operations. Although the statement of financial position reflects a net deficit, this is mainly due to provision of exit benefits for employees and Members of the Legislature should they exit the system. Therefore, the annual financial statements are prepared on the basis that the Legislature is a going concern, and that the Provincial Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the Legislature.

Subsequent to the submission of the Annual Financial Statements, the President of SA proclaimed adjustment for improvement of conditions of services for MPLs, for details refer to note 37.

The Accounting Officer is primarily responsible for the financial affairs of the Legislature and is supported by the Chief Financial Officer and Management. The Accounting Officer is further supported by the internal auditors who are responsible for independent review of the Annual Financial Statements.

The Annual Financial Statements set out below have been prepared on the going concern basis and approved by the Secretary to the Legislature on the 31 May 2022.

Mrs Ngcakani N
Secretary to the Legislature

Eastern Cape Provincial Legislature
Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	14 107 180	22 819 576
Receivables from exchange transactions	4	1 757 359	1 910 761
Receivables from non-exchange transactions	5	-	1 658 943
Inventories	6	733 640	629 753
		16 598 179	**27 019 033**
Non-Current Assets			
Property, plant and equipment	7	11 427 257	17 645 732
Intangible assets	8	11 264 512	1
Heritage assets	9	1 015 584	1 015 584
		23 707 353	**18 661 317**
Total Assets		**40 305 532**	**45 680 350**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	48 823 535	53 920 971
Operating lease liability	11	101 368	323 548
Provisions	12	15 385 034	15 433 144
Employee benefit obligation	13	961 000	873 000
		65 270 937	**70 550 663**
Non-Current Liabilities			
Employee benefit obligation	13	7 118 000	6 112 000
Provisions	12	31 825 994	22 245 194
		38 943 994	**28 357 194**
Total Liabilities		**104 214 931**	**98 907 857**
Net Assets		**(63 909 399)**	**(53 227 507)**
Accumulated Deficit		(63 909 399)	(53 227 507)

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sundry income	15	32 911	405 201
Interest received	16	20 389	371 143
Total revenue from exchange transactions		**53 300**	**776 344**
Revenue from non-exchange transactions			
Transfer revenue			
Appropriation	17	560 508 868	581 114 000
Public contributions and donations	18	70 000	-
Service in-kind revenue	19	9 678 643	9 037 440
Total revenue from non-exchange transactions		**570 257 511**	**590 151 440**
Total revenue	39	**570 310 811**	**590 927 784**
Expenditure			
Employee related costs	20	(386 960 926)	(380 553 705)
Transfer payments	21	(121 181 944)	(127 847 490)
Depreciation, amortisation and impairment	22	(6 083 823)	(8 826 152)
Finance costs	40	(477 000)	(478 000)
General Expenses	23	(64 568 496)	(58 938 339)
Contracted services	24	(2 146 256)	(1 663 737)
Decrease / (Increase) in debt impairment	38	189 074	(182 732)
Total expenditure		**(581 229 371)**	**(578 490 155)**
Actuarial gains/ (losses)	13	(115 500)	(586 000)
Gain on disposal of assets	41	525 197	254 471
(Loss) on foreign exchange differences	26	(173 030)	(41 184)
(Deficit) /Surplus for the year		**(10 681 893)**	**12 064 916**

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated deficit	Total net assets
Balance at 01 April 2020	**(65 292 423)**	**(65 292 423)**
Changes in net assets		
Surplus for the year	12 064 916	12 064 916
Total changes	12 064 916	12 064 916
Opening balance as previously reported	(54 621 507)	(54 621 507)
Adjustments		
Prior year adjustments	1 394 001	1 394 001
Restated* Balance at 01 April 2021 as restated*	**(53 227 506)**	**(53 227 506)**
Changes in net assets		
Deficit for the year	(10 681 893)	(10 681 893)
Total changes	(10 681 893)	(10 681 893)
Balance at 31 March 2022	**(63 909 399)**	**(63 909 399)**

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Sundry income		32 911	405 201
Sale of goods and services		-	76 160
Appropriation received		554 309 043	587 591 705
Interest income		20 389	371 133
		554 362 343	588 444 199
Payments			
Employee costs		(374 415 044)	(378 067 413)
Suppliers		(56 723 090)	(63 483 168)
Transfers and subsidies		(121 331 944)	(127 847 490)
		(552 470 078)	(569 398 071)
Net cash flows from operating activities	27	**1 892 265**	**19 046 128**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(21 100)	(1 871 861)
Proceeds from sale of property, plant and equipment	41&7	680 950	467 477
Purchase of intangible assets	8	(11 264 511)	-
Net cash flows from investing activities		**(10 604 661)**	**(1 404 384)**
Net increase / (decrease) in cash and cash equivalents		**(8 712 396)**	**17 641 744**
Cash and cash equivalents at the beginning of the year		22 819 576	5 177 832
Cash and cash equivalents at the end of the year	3	**14 107 180**	**22 819 576**

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable cash basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry Income	193 000	(193 000)	-	32 911	**32 911**	35
Interest income	99 000	(99 000)	-	20 389	**20 389**	35
(Gain) or loss on disposal of assets	211 000	(211 000)	-	680 949	**680 949**	35
Total revenue from exchange transactions	**503 000**	**(503 000)**	-	**734 249**	**734 249**	
Revenue from non-exchange transactions						
Transfer revenue						
Appropriation	553 250 000	26 074 000	**579 324 000**	579 324 000	-	35
Total revenue	**553 753 000**	**25 571 000**	**579 324 000**	**580 058 249**	**734 249**	
Expenditure						
Employee related costs	(348 194 000)	(26 838 637)	**(375 032 637)**	(375 031 793)	**844**	35
PD: Donations & Gifts	-	(150 000)	**(150 000)**	(150 000)	-	
Transfer payments	(120 072 000)	(1 109 944)	**(121 181 944)**	(121 181 944)	-	35
General Expenses	(76 673 000)	18 406 967	**(58 266 033)**	(56 723 089)	**1 542 944**	35
Total expenditure	**(544 939 000)**	**(9 691 614)**	**(554 630 614)**	**(553 086 826)**	**1 543 788**	
Operating surplus	**8 814 000**	**15 879 386**	**24 693 386**	**26 971 423**	**2 278 037**	
Capital Expenditure	(8 311 000)	(16 382 386)	**(24 693 386)**	(10 668 863)	**14 024 523**	35
Surplus	**503 000**	**(503 000)**	-	**16 302 560**	**16 302 560**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**503 000**	**(503 000)**	-	**16 302 560**	**16 302 560**	

Reconciliation						
Capital Expenditure				11 285 612		
Salary capitalised				(616 748)		
Gain / (loss) on disposal of assets				(155 752)		
Foreign exchange loss differences				(173 030)		
Donations in kind				70 000		
Appropriation				(18 815 132)		
Service in kind				9 678 643		
Employee related costs				(11 929 133)		
Contracted Services + General Expenditure				(9 841 664)		
Finance Costs				(477 000)		
Depreciation				(6 083 823)		
Decrease in debt impairment				189 074		
Actuarial gains / (losses)				(115 500)		
Actual Amount in the Statement of Financial Performance				**(10 681 893)**		

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable cash basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sundry Income	193 000	(193 000)	**-**	32 911	**32 911**	
(Gain) or loss on disposal of assets	211 000	(211 000)	**-**	-	**-**	
Appropriation	553 250 000	26 074 000	**579 324 000**	554 309 043	**(25 014 957)**	
Interest income	-	-	**-**	20 389	**20 389**	
	553 654 000	**25 670 000**	**579 324 000**	**554 362 343**	**(24 961 657)**	
Payments						
Employee costs	(348 194 000)	(26 988 637)	**(375 182 637)**	(374 415 044)	**767 593**	
Suppliers	(76 673 000)	18 406 967	**(58 266 033)**	(56 723 090)	**1 542 943**	
Transfer Payments	(120 072 000)	(1 109 944)	**(121 181 944)**	(121 331 944)	**(150 000)**	
	(544 939 000)	**(9 691 614)**	**(554 630 614)**	**(552 470 078)**	**2 160 536**	
Net cash flows from operating activities	**8 715 000**	**15 978 386**	**24 693 386**	**1 892 265**	**(22 801 121)**	
Cash flows from investing activities						
Purchase of property, plant and equipment & intangible assets	(8 311 000)	(16 382 386)	**(24 693 386)**	(11 285 611)	**13 407 775**	
Proceeds from sale of property, plant and equipment	-	-	**-**	680 950	**680 950**	
Net cash flows from investing activities	**(8 311 000)**	**(16 382 386)**	**(24 693 386)**	**(10 604 661)**	**14 088 725**	
Net increase/(decrease) in cash and cash equivalents	404 000	(404 000)	**-**	(8 712 396)	**(8 712 396)**	
Cash and cash equivalents at the beginning of the year	-	-	**-**	22 819 576	**22 819 576**	
Cash and cash equivalents at the end of the year	**404 000**	**(404 000)**	**-**	**14 107 180**	**14 107 180**	

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with section 56 (1) of the Financial Management of Parliament and Provincial Legislatures Act (Act 10 of 2009).

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.

All figures have been rounded to the nearest rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. Where necessary, comparative figures have been reclassified to confirm the changes in presentation in the current year.

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 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the Legislature will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

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

Receivables

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

The allowance for impairment on receivables is recognised when there is objective evidence that it is impaired. The impairment is measured based on the profile of each individual debtor. The debtors are classified as high risk depending on the situation assessed by management.

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.

Useful lives and residual values of Property, Plant and Equipment and Intangible Assets

The Legislature's Management determines the estimated useful lives and related depreciation or amortisation charges for all its Property, Plant and Equipment, and Intangible Assets taking into account the residual values of the assets at the end of their useful lives.

The useful lives of assets are based on Management's estimation. Management annually considers whether there are any indicators that the useful lives and residual values may need to be changed. Management has considered the impact of technology, availability of capital funding and the asset's service requirements in order to determine the optimum useful life expectation where appropriate.

Other long-term employment benefits

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

1.2 Significant judgements and sources of estimation uncertainty (continued)

The Legislature determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the long service obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds.

Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the Legislature uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for long service award obligations are based on current market conditions. Additional information is disclosed in Note 13 for Employee benefit obligations.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

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.

Measurement

Property, plant and equipment is initially measured at cost.

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

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, its 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.

Eastern Cape Provincial Legislature
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

Other parts

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Computer and office equipment	Straight line	3-10
Furniture and fixtures	Straight line	5-10
Motor vehicles	Straight line	3
Library books	Straight line	20

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Derecognition

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.

The Legislature separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.4 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 Legislature intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Legislature or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Eastern Cape Provincial Legislature
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

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

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

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.
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The cost of a separately acquired intangible asset comprises:
(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
(b) any directly attributable costs of preparing the asset for its intended use.

Examples of directly attributable costs are:
(a) costs of employee benefits (as defined in the Standard of GRAP on Employee Benefits) arising directly from bringing the asset to its working condition;
(b) professional fees arising directly from bringing the asset to its working condition; and
(c) costs of testing whether the asset is functioning properly.

Recognition of costs in the carrying amount of an intangible asset ceases when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. Therefore, costs incurred in using or redeploying an intangible asset are not included in the carrying amount of that asset.

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 depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortisation shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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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, internally generated	Straight line	5
Computer software, other	Straight line	5
Intangible assets under development	Not depreciated	

The Legislature discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.5 Heritage assets

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.

The Legislature separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

Recognition

The Legislature 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 Legislature and the cost or fair value of the asset can be measured reliably.

Where the institution holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliable measured, information on such heritage asset will be disclosed in the note for heritage assets.

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.

Impairment

The Legislature assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the Legislature estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The Legislature derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

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1.6 Financial instruments

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

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 Legislature.

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

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non - exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

The Legislature measures a financial asset and financial liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

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

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

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1.6 Financial instruments (continued)

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

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

Impairment and lack of collectability of financial assets

The Legislature assessed at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. For amounts due to the institution, external debtors such as ex-employees and accounts older than 12 months are all considered indicators of impairment.

Financial assets measured at amortised cost.

Receivables are assessed for impairment at year end. Significant receivables are individually assessed and the remaining receivables are grouped based on risk categories and then assessed for impairment. The carrying amount of the receivables impaired is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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

Derecognition

Financial assets

The Legislature derecognises financial assets using trade date accounting.

The ECPL derecognises a financial asset only when:

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

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

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

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Financial liabilities

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

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

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

Presentation

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

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

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Legislature does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time or lease term.

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 Legislature assesses the classification of each element separately. The useful life of the leased asset is the remaining period from the commencement of the lease term, without limitations by the lease term, over which economic benefits or service potential embodied in the asset are expected to be consumed by the Legislature.

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

Any contingent rentals are recognised separately as an expense in the period in which they are incurred.

1.8 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.

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Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Current replacement cost is the cost the ECPL incurs to acquire the asset on the reporting date.

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

When inventories are utilised, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of property, plant and equipment

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.

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 amount of an asset or a cash-generating unit is the higher of its 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 Legislature; or
- the number of production or similar units expected to be obtained from the asset by the Legislature.

Identification

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

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

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

Value in use

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

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Recognition and measurement (individual asset)

An impairment loss is recognised immediately in surplus or deficit.

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

1.10 Statutory receivables Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position. The statutory receivables constitute revenue receivable from the Provincial Revenue (equitable share).

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, less any accumulated credit losses and any amounts derecognised.

Recognition

The Legislature recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23
- if the transaction is not within the scope of either GRAP 9 or GRAP 23 the receivable is recognised when:
  - the definition of an asset is met and,
  - it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

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Initial measurement

The Legislature initially measures statutory receivables at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP as described in Initial Recognition.

Subsequent measurement

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The Legislature measures all statutory receivables after initial recognition using the cost model.

Accrued interest

Where the Legislature levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The Legislature assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the Legislature considers, the following indicators:
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the Legislature measures the impairment loss as the difference between the estimated future cash flows - discounted if the effect of discounting is material, using the rate that reflects the current risk free rate and if applicable, any risk specific to the statutory receivable, or group of statutory receivables, for which future cash flow estimates have not been adjusted.
Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

A credit loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last credit loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised credit loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

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

Derecognition

The Legislature derecognises a statutory receivable, or a part thereof, when:
- the rights to the cash flows from the receivable are settled, expire or are waived;
- the Legislature transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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

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

1.11 Employee benefits

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 recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Legislature 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 Legislature 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 Legislature recognise the expected cost of bonus, incentive and performance related payments when the Legislature has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Legislature has no realistic alternative but to make the payments.

Other Long term employee benefits

The Legislature has an obligation to provide long term service allowance benefits to all of its employees. The Legislature's liability is based on the actuarial valuation. The Projected Credit Method is used to value the liabilities. Actuarial gains or losses on the long-term service awards are recognised in the statement of financial performance.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the Legislature recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

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Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

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

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus, any liability that may arise as a result of a minimum funding requirement

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost; which is recognised immediately
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount long service award obligations (both funded and unfunded) reflect 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 long service award obligations.

Long service award obligations are measured on a basis that reflects:

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

1.12 Provisions and contingencies

A provision is a liability of uncertain timing or amount. Provisions are recognised when:

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

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

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

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

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

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

Provisions are not recognised for future operating expenditure.

Contingent assets are recorded in the notes to the financial statements when a possible asset arise from past events, and whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events not within the control of the institution.

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

Contingent assets and contingent liabilities are not recognised but disclosed in the notes to the financial statements.

The Legislature recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of the resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.13 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that arises a valid expectation that the institution will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

Approved and contracted commitments
This is where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments
This is where the expenditure has been approved and the contract is yet to be awarded or is waiting finalisation at the reporting date.

1.14 Revenue from exchange transactions

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.

Recognition

An inflow of resources from exchange transactions is recognised as an asset is recognised. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised at the reporting date.

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

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Measurement

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

Interest

Revenue arising from the use by others of institution's assets yielding interest, is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Legislature, and
- The amount of the revenue can be measured reliably.

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

1.15 Revenue from non-exchange transactions

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

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

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

Recognition

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

As the Legislature 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.

Measurement

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

Eastern Cape Provincial Legislature
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Accounting Policies

When, as a result of a non-exchange transaction, the Legislature recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Appropriation

Appropriated funds comprise of Legislature's allocation as well as the direct charge against the provincial revenue fund i.e., members' salaries, allowances and benefits.

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective.

Adjustments made in terms of the adjustment budget process are recognised in the statement of financial performance on the date the adjustments become effective.

Public and donations, including goods in-kind

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

Services in-kind

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

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

1.16 Transfer payments

Transfer payments include all non-exchange payments made by the Legislature. A payment is non-exchange if the institution does not receive anything directly in return for the transfer to the other party. Transfer payments are expensed.

1.17 Unauthorised expenditure

Unauthorised expenditure defined in Section 1 of the FMPPLA means:
- overspending of Parliament approved budget or a main division within a vote;
- any expenditure from Parliament's approved budget or a main division within that budget for the purpose unrelated to the approved budget or main division; and
- any expenditure of donor funds for a purpose not specified in the agreement with the donor.

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.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

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Accounting Policies

1.18 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is disclosed in the notes to the financial statements once confirmed. The amount disclosed is equal to the total value of fruitless and wasteful expenditure incurred.

1.19 Irregular expenditure

Irregular expenditure as defined in Section 1 of the FMPPLA as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with, a requirement of this Act or any applicable legislation.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

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 are updated with the amount condoned.

1.20 Accumulated surplus / deficit

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

1.21 Changes in accounting policies, estimates and errors

The Legislature accounts for changes in accounting policies, estimates and errors in accordance with the standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. The default is that changes in accounting policies and errors be adjusted retrospectively and changes in accounting estimates be adjusted prospectively. Refer to note for details regarding the prior period error.

1.22 Compensation of employees

Salaries and Wages

Salaries and wages are recognised in the statement of financial performance as the services were rendered.

Social Contributions

Social contributions made by the Legislature in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the Legislature in respect of ex- employees are classified as employee costs in the statement of financial performance as the services were rendered.

Key management personnel

Compensation paid to key management personnel and presiding officers, including their family members where applicable, is included in the disclosure notes. Refer to note 20 - Employee related cost.

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Accounting Policies

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset except where offsetting is required or permitted by a standard of GRAP.

1.24 Prepayments

Prepayments and advances are recognised in the statement of financial position when the Legislature receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.

1.25 Budget information

The approved budget for 2021/2022 is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

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

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been prepared using the actual figures on cash basis. Budget figures for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the Legislature, including those charged with the governance of the Legislature in accordance with legislation, in instances where they are required to perform such functions. Therefore, only executive management is considered to be management as defined per the standard.

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

1.27 Events after reporting date

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

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

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

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

1.28 Effects of changes in foreign currency

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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Accounting Policies

The Legislature only incurs foreign currency transactions when members and staff are required to travel to other countries in execution of their duties as well as the payment of annual license fees for Microsoft Licenses. No foreign denominated assets or liabilities at year end exists.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.29 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the Legislature is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether Legislature is a principal or an agent requires the Legislature to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The Legislature assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the Legislature in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the Legislature concludes that it is not the agent, then it is the principal in the transactions.

The Legislature is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

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Accounting Policies

Where the Legislature has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Legislature applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the Legislature is an agent.

Recognition

The Legislature, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The Legislature, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Legislature recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

Eastern Cape Provincial Legislature

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Notes to the Annual Financial Statements

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2 Standards, directives and interpretations

2.2 Standards and interpretations effective and adopted in the current year

In the current year, the following standards and interpretations are effective:

- GRAP 1 - Presentation of Financial Statements
- GRAP 2 - Cash Flow Statements
- GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 - The Effects of Changes in Foreign Exchange Rates
- GRAP 5 - Borrowing Costs
- GRAP 6 - Consolidated and Separate Financial Statements.
- GRAP 7 - Investments in Associates
- GRAP 8 - Interest in Joint Ventures
- GRAP 9 - Revenue from Exchange Transactions
- GRAP 10 - Financial Reporting in Hyperinflationary Economics
- GRAP 11 - Construction Contracts
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after Reporting Date
- GRAP 16 - Investment Property
- GRAP 17 - Property Plant and Equipment
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
- GRAP 20 - Related Party Disclosures
- GRAP 21 - Impairment of Non-cash Generating Assets
- GRAP 23 - Revenue from Non-Exchange Transactions
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 25 - Employee Benefits
- GRAP 26 - Impairment of Cash-generating Assets
- GRAP 27 - Agriculture
- GRAP 31 - Intangible Assets
- GRAP 32 - Service Concession Arrangements: Grantor
- GRAP 103 - Heritage Assets

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Notes to the Annual Financial Statements

2. Standards, directives and interpretations (continued)

- GRAP 104 - Financial Instruments
- GRAP 105 - Transfer of Functions Between Entities Under Common Control
- GRAP 106 -Transfer of Functions Between Entities Not Under Common Control
- GRAP 108 - Statutory Receivables

The following GRAP directives are effective in the current financial year:

- Directive 1 - Repeal of Existing Transitional Provisions in, and Consequential; Amendments to Standards of GRAP
- Directive 5 - Determining the GRAP Reporting Framework
- Directive 7 - The Application of Deemed Cost
- Directive 11 - Changes in the Measurement Bases Following the Initial Adoption of Standards of GRAP

The following GRAP interpretations are effective in the current year:

- IGRAP 1 - Applying the Probability Test on Initial Recognition of Revenue
- IGRAP 2 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IGRAP 3 - Determining whether an Arrangement Contains a Lease
- IGRAP 4 - Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP 5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
- IGRAP 6 - Loyalty Programmes
- IGRAP 7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP 8 - Agreements for Construction of Assets from Exchange Transactions
- IGRAP 9 - Distribution of Non-cash Asset to Owners
- IGRAP 10 - Assets Received from Customers
- IGRAP 11 - Consolidations - Special Purpose Entities
- IGRAP 12 - Jointly controlled Entities - Non-monetary Contributions by Ventures
- IGRAP 13 - Operating Leases - Incentives
- IGRAP 14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IGRAP 15 - Revenue - Barter Transactions Involving the Legal Form of Lease
- IGRAP 16 - Intangible Asset
- IGRAP 17 - Service Concession Arrangements where Grantor Controls Significant Residual Interest
- IGRAP 18 - Recognition and Derecognition of Land

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Notes to the Annual Financial Statements

2. Standards, directives and interpretations (continued)

- IGRAP 19 - Liabilities to Pay Levies

2.3 Standards and interpretations issued, but not yet effective

The Legislature has not applied the following standards and interpretations, which have been published and are mandatory for the Legislature's accounting periods beginning on or after 01 April 2022 or later periods:

- GRAP 25 - Employee Benefits
  GRAP 104 - Financial Instruments

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

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

Eastern Cape Provincial Legislature

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3 Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14 107 180	22 819 576

The Legislature had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2022	31 March 2021	31 March 2020	31 March 2022	31 March 2021	31 March 2020
First national Bank - Current Account	14 107 180	22 819 576	5 177 832	14 107 180	22 819 576	5 177 832

4 Receivables from exchange transactions

Prepaid expenditure	1 606 306	1 814 818
Staff receivables	251 865	385 829
Allowance for debt impairment	(100 812)	(289 886)
	1 757 359	**1 910 761**

Gross balances		
Prepaid expenditure	1 606 306	1 814 818
Staff receivables	251 865	385 829
	1 858 171	**2 200 647**

Less: Allowance for impairment		
Staff receivables	(100 812)	(289 866)

Net balance		
Prepaid expenditure	1 606 306	1 814 818
Staff receivables	151 053	95 943
	1 757 359	**1 910 761**

Staff receivables		
1 - 3 months	101 570	33 238
6 - 12 months	-	16 629
12+ months	150 295	335 962
	251 865	**385 829**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	289 886	255 708
Allowance for impairment	(189 074)	34 178
	100 812	**289 886**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 12 months past due are not considered to be impaired. At 31 March 2022, R 101 570 (2021: R 49 867) were past due but not impaired.

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Notes to the Annual Financial Statements

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4. Receivables from exchange transactions (continued)

Trade and other receivables pledged as security

No receivables from exchange transactions were pledged as security.

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

5. Receivables from non-exchange transactions

Other receivables from non-exchange revenue	-	1 658 943

Reconciliation		
Other receivables from non-exchange revenue	-	1 807 498
Impairment	-	(148 555)
	-	**1 658 943**

Receivables from non-exchange transactions

The prior year direct charge receivable was settled completely in the current year.

6. Inventories

Inventory	733 640	629 753
Inventories recognised as an expense during the year	910 041	893 162

Inventories comprise of consumables and stationery.

Inventory pledged as security

None of the inventory was pledged as security.

Other information

Inventories are not impaired as current replacement cost is higher than cost.

Eastern Cape Provincial Legislature

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Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer and office equipment	38 025 938	(30 329 163)	7 696 775	38 518 186	(26 342 956)	12 175 230
Furniture and fittings	14 523 332	(13 842 366)	680 966	14 523 332	(13 244 211)	1 279 121
Library books	1 411 000	(884 424)	526 576	1 411 000	(813 874)	597 126
Motor vehicles	5 841 435	(3 318 495)	2 522 940	7 227 035	(3 632 780)	3 594 255
Total	**59 801 705**	**(48 374 448)**	**11 427 257**	**61 679 553**	**(44 033 821)**	**17 645 732**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Computer and office equipment	12 175 230	21 100	(86 979)	(4 274 910)	(137 666)	7 696 775
Furniture and fittings	1 279 121	-	-	(598 155)	-	680 966
Library books	597 126	-	-	(70 550)	-	526 576
Motor vehicles	3 594 255	-	(68 774)	(1 002 541)	-	2 522 940
	17 645 732	**21 100**	**(155 753)**	**(5 946 156)**	**(137 666)**	**11 427 257**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Computer and office equipment	17 215 282	506 642	(111 754)	(5 430 388)	(4 641)	12 175 230
Furniture and fittings	3 311 631	2 767	-	(2 034 938)	(339)	1 279 121
Library assets	667 676	-	-	(70 550)	-	597 126
Motor vehicles	3 566 647	1 362 452	(101 251)	(1 233 593)	-	3 594 255
	24 761 236	**1 871 861**	**(213 005)**	**(8 769 469)**	**(4 980)**	**17 645 732**

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7. Property, plant and equipment (continued)

Pledged as security

No assets items of property, plant and equipment were pledged as security.

Other information

The useful lives of Property, Plant, and Equipment have not been impacted by COVID-19.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Motor vehicle (Consumables)	379 422	220 534

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8. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	401 540	(401 539)	1	401 540	(401 539)	1
Intangible assets under development	11 264 511	-	11 264 511	-	-	-
Total	**11 666 051**	**(401 539)**	**11 264 512**	**401 540**	**(401 539)**	**1**

Reconciliation of intangible assets -2022

	Opening balance	Additions	Total
Computer software	1	-	1
Intangible assets under development	-	11 264 511	11 264 511
	1	**11 264 511**	**11 264 512**

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	51 705	(51 704)	1

New software was purchased during the current financial year - Sage. This software is currently under development and therefore it cannot be amortised.

Eastern Cape Provincial Legislature

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

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8. Intangible assets (continued)

Pledged as security

No item of intangible assets has been pledged as security.

Other information

The useful lives of intangible assets have not been affected by any restrictions imposed due to the COVID-19 pandemic. There is therefore no change in service potential and no impairment.

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Notes to the Annual Financial Statements

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9. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	1 015 584	-	1 015 584	1 015 584	-	1 015 584

Reconciliation of Heritage Assets - 2022

	Opening balance	Total
Historical monuments	1 015 584	1 015 584

Reconciliation of Heritage Assets 2021

	Opening balance	Total
Historical monuments	1 015 584	1 015 584

Pledged as security

None of the above heritage assets have been pledged as security.

Other information

There is no indication that Heritage assets may be impaired as a result of COVID-19 pandemic.

10. Payables from exchange transactions

	2022	2021
Staff related payables	2 663 818	7 953 504
13 Cheque /Accrued bonus	9 808 088	9 915 700
Accrued expenditure	5 486 973	5 276 518
Accrued leave pay	30 864 656	30 775 249
	48 823 535	**53 920 971**

11. Operating lease liability

	2022	2021
Current liabilities	(101 368)	(323 548)

The operating lease liability of 31 March 2022 R 101 368 (2021: R 323 548) relates to straight lining of lease payments. Refer to note 28 for the operating lease commitments disclosure.

Eastern Cape Provincial Legislature

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Notes to the Annual Financial Statements

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12. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	15 433 144	10 828 148	(10 876 258)	15 385 034
Members termination provision	22 245 194	10 934 040	(1 353 240)	31 825 994
	37 678 338	**21 762 188**	**(12 229 498)**	**47 211 028**

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	13 980 923	13 068 978	(11 616 757)	15 433 144
Members termination provision	12 793 684	9 451 510	-	22 245 194
	26 774 607	**22 520 488**	**(11 616 757)**	**37 678 338**

	2022	2021
Non-current liabilities	31 825 994	22 245 194
Current liabilities	15 385 034	15 433 144
	47 211 028	**37 678 338**

The estimate for the performance bonus is done for all employees who qualify and are still in the employment of the Eastern Cape Provincial Legislature as at 31 March 2022. Performance bonus is paid when final evaluation has been performed and scores have been awarded accordingly. The amount payable to employees is uncertain at the end of the financial year.

Members termination provision is a once-off terminal payment and once-off gratuity per paragraph 3.2 and 3.3 of Government Gazette no.31597 Vol 521 promulgated on 12 November 2008. The members termination provisions disclosed above is the estimate of the exit payments that the Legislature is expected to pay when members exit or cease to be members of the Legislature.

Other information

No provisions are affected by any regulations governing the COVID-19 pandemic.

13. Employee benefit obligations

Defined benefit plan

Reconciliation of employee benefits obligation as at 31 March 2022

Details	Opening balance	Utilised during the year	Raised during the year	Closing balance
Long service award obligation	6 985 000	(397 500)	1 491 500	8 079 000

Reconciliation of employee benefits obligation as at 31 March 2021

Details	Opening balance	Utilised during the year	Raised during the year	Closing balance
Long service award obligation	5 581 000	(457 000)	1 861 000	6 985 000

Eastern Cape Provincial Legislature

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13. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	6 985 000	5 581 000
Net expense recognised in the statement of financial performance	1 094 000	1 404 000
	8 079 000	**6 985 000**

Net reversal/expense recognised in the statement of financial performance

Actuarial (gains) losses	115 500	586 000
Expected employer benefit vesting	(397 500)	(457 000)
Current service cost	899 000	797 000
Interest cost	477 000	478 000
	1 094 000	**1 404 000**

Key assumptions used

Long service benefits are awarded in the form of leave days as a percentage of each employee's salary. The awarded leave days have been converted to a percentage of the employee's annual salary. The conversion is based on a 250 working day year. Assumptions used at the reporting date:

Discount rates used	9.20 %	7.28 %
Expected increase in salaries	7.38 %	5.17 %

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021

13. Employee benefit obligations (continued)

Other assumptions

The cost of long service awards is dependent on the increase in the annual salaries paid to the employees. The rate at which salaries increase has a direct effect on the employee benefit obligation.

Inflation rate

The effect of 1% change in the below assumptions has been tested and the effects are as follows:

	One percentage point increase	One percentage point decrease
Change in salary inflation	8 523 000	7 670 000
Change in discount rate	7 680 000	8 519 000

Withdrawal rate

The effect of 50% change in the normal salary inflation assumption has been tested and the effects are as follows:

	50 percentage point decrease	
Effect on liability	1 850 000	-

Impact of COVID - 19

It is difficult to quantify the effect Covid-19 will have on the future Accrued Liability of the ECPL as there is still a lot of uncertainty regarding the medium to long term health effects of the vaccine and contraction of the virus.

The sensitivities in the tables above may be used to understand what effect a change in assumptions would have on the Total Accrued Liabilities and Expenses. The assumptions changed to gain a better understanding of the sensitivity of the valuation figures are:

- Withdrawal Rates

- Discount Rates

- Normal Salary Inflation

Amendments to the model parameters would be affected when any reliable evidence regarding the impact of Covid-19 becomes available. Until then, the quantifiable impact of Covid-19 which causes a short-term deviance from expected experience would be included in the Actuarial Loss/Gain figure.

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14. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Cash and cash equivalents	14 107 180	14 107 180
Receivables from exchange transactions	1 757 359	1 757 359
	15 864 539	**15 864 539**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	48 823 535	48 823 535

2021

Financial assets

	At amortised cost	Total
Cash and cash equivalents	22 819 576	22 819 576
Receivables from exchange transactions	1 910 761	1 910 761
Receivables from non-exchange transactions	1 658 943	1 658 943
	26 389 280	**26 389 280**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	53 920 971	53 920 971

15. Sundry income

Sundry income	32 911	405 201

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

Commission from garnishee and insurance collected	27 404	233 046
Sale of assets > R 5000	1 160	4 872
Revenue of prior year expenditure	4 347	167 283
	32 911	**405 201**

16. Interest received

Interest revenue		
Bank	20 389	347 380
Interest charged on trade and other receivables	-	23 763
	20 389	**371 143**

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17. Appropriation

Operating grants		
Annual appropriation	491 019 811	498 154 000
Statutory appropriation	69 489 057	82 960 000
	560 508 868	**581 114 000**

The decrease is due to fiscal consolidation and provincial budget cuts that were implemented during the medium year budget allocation.

18. Public contributions and donations

Donations in kind	70 000	-

Old Mutual donation for promotional items in respect of Gender Based Violence (GBV) event hosted by the speaker in December 2021.

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19. Service in-kind revenue

Service in kind revenue	9 678 643	9 037 440

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

Eastern Cape Provincial Legislature occupies office buildings belonging to the Eastern Cape Department of Public Works at no fee.

The Eastern Cape Provincial Legislature received protection services from the South African Police Service at no fee for the entire period ended 31 March 2022.

20. Employee related costs

Basic	231 352 712	228 579 340
Bonus	12 489 594	13 068 978
Compensative/circumstantial allowances	1 343 250	1 511 613
Housing benefits and allowances	13 349 742	13 293 726
Leave pay provision charge	89 407	5 080 391
Long-service awards	501 500	340 000
Medical aid - company contributions	9 057 143	9 117 624
Other non-pensionable allowances	26 190 531	29 939 899
Overtime payments	750 591	230 969
Pension	50 715 049	50 447 617
Service bonus	25 405 228	18 761 492
Members Group Insurance Fund	2 958 025	2 428 492
Short term benefit	3 177 354	(1 697 946)
Members termination benefit	9 580 800	9 451 510
	386 960 926	**380 553 705**

Remuneration of Speaker - Honourable HM August

Annual Remuneration	1 186 677	1 186 677
Non Pensionable Allowance	307 186	307 186
Housing Allowance	120 000	120 000
Contributions to Medical and Pension Funds	275 042	275 042
Service bonus	88 890	88 890
	1 977 795	**1 977 795**

Remuneration of Deputy Speaker -Honourable M Qoboshiyane

Annual Remuneration	960 280	960 280
Non Pensionable Allowance	354 100	354 100
Contributions to Medical and Pension Funds	216 063	216 063
Service bonus	70 023	70 023
	1 600 466	**1 600 466**

Remuneration of Chairperson of Committees - Honourable NS Nkopane

Annual Remuneration	814 450	829 489
Non Pensionable Allowance	299 440	308 286
Contributions to Medical and Pension Funds	183 251	186 635
Service bonus	57 312	58 352
	1 354 453	**1 382 762**

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20. Employee related costs (continued)

Remuneration of Deputy Chairperson of Committees - Honourable T Duba

Annual Remuneration	811 171	807 741
Non Pensionable Allowance	299 440	299 440
Contributions to Medical and Pension Funds	182 514	181 742
Service bonus	57 312	61 432
	1 350 437	**1 350 355**

Remuneration of the Secretary to the Legislature - Mr VW Mapolisa

Annual Remuneration	-	247 815
Non Pensionable Allowance	-	57 726
Housing allowance	-	8 600
Contributions to Medical and Pension Funds	-	59 719
Leave Pay Gratuity	-	435 966
	-	**809 826**

Remuneration of the Secretary to the Legislature - Mrs N Ngcakani

Annual Remuneration	1 546 920	903 880
Non Pensionable Allowance	383 065	206 084
Housing Allowance	60 962	17 894
Contributions to Medical and Pension Funds	375 578	217 054
Service bonus	128 910	127 005
Performance Bonuses	29 835	-
	2 525 270	**1 471 917**

Remuneration of the Chief Financial Officer -Ms R Abdool

Annual Remuneration	1 183 926	194 405
Non pensionable allowance	329 628	50 590
Contributions to Medical and Pension Funds	297 491	42 769
Housing allowance	29 761	-
Service bonus	73 793	-
	1 914 599	**287 764**

Ms N Dyan	-	13 143
Acting allowance (01/06/2020 - 31/10/2020)		

Mrs N Ngcakani		
Annual Remuneration	-	494 859
Non pensionable allowance	-	123 995
Housing allowance	-	11 500
Contribution to Medical and Pension Funds	-	121 869
Performance bonus	-	95 012
Acting allowance	-	24 935
	-	**872 170**

Mr K. L. Zantsi	-	13 147
Acting allowance (01/11/2020 - 31/01/2021)		

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20. Employee related costs (continued)

Remuneration of the Executive Manager: Corporate Services - Mr P Hobongwana

Annual Remuneration	1 241 641	1 223 292
Non pensionable allowance	330 093	303 540
Housing Allowance	55 778	54 954
Contributions to Medical and Pension Funds	307 597	300 324
Service bonus	103 470	101 941
Performance bonus	48 932	45 298
	2 087 511	**2 029 349**

Remuneration of the Executive Manager: Legal and Procedural Services - Adv LI Netshitumbu

Annual Remuneration	933 969	1 223 292
Non pensionable allowance	227 655	303 540
Housing Allowance	41 216	54 954
Contributions to Medical and Pension Funds	226 764	300 662
Service bonus	101 941	98 971
Performance bonus	48 931	96 117
Acting allowance	-	24 935
Leave gratuity	434 241	-
	2 014 717	**2 102 471**

Resigned with effect from 31 December 2021.

Remuneration of the Executive Manager: Oversight -Mrs N Mene

Annual Remuneration	1 241 641	1 223 292
Non pensionable allowance	330 093	303 540
Housing Allowance	55 778	54 954
Contributions to Medical and Pension Funds	307 597	300 324
Service bonus	103 470	98 972
Performance bonus	48 932	95 012
	2 087 511	**2 076 094**

Remuneration of the General Manager: Legal and Procedural Services - Advocate Beja K

Acting Allowances (01/02/2022)	13 745	-

Appointed as acting Executive Manager Legal and Procedural Services from 01/01/2022.

Remuneration of the Members of the Provincial Legislature

Annual Remuneration	35 484 977	36 288 441
Non pensionable allowance	13 242 539	13 499 007
Service Bonuses	2 362 287	2 273 303
Contributions to Medical and Pension Funds	7 984 112	8 164 723
Leave Gratuity	1 353 240	13 428 352
	60 427 155	**73 653 826**

Remuneration of Officials

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20. Employee related costs (continued)

Grade 19 to 21	10 642 645	8 354 599
Grade 15 to 17	42 405 614	38 134 493
Grade 14	25 673 645	26 344 075
	78 721 904	**72 833 167**

21. Transfer payments

Political parties represented in the Legislature		
African National Congress (ANC)	83 859 809	88 592 255
Democratic Alliance (DA)	19 059 047	20 134 603
Economic Freedom Fighters (EFF)	9 529 525	10 067 301
United Democratic Movement (UDM)	4 366 781	4 505 309
African Transformation Movement (ATM)	2 183 391	2 274 011
FF Plus	2 183 391	2 274 011
	121 181 944	**127 847 490**

22. Depreciation, amortisation and impairment

Property, plant and equipment (Note 7)	6 083 823	8 774 448
Intangible assets (Note 8)	-	51 704
	6 083 823	**8 826 152**

23. General expenses

Administration fees	74 204	123 165
Advertising	2 063 863	4 042 552
Auditors remuneration	5 914 092	4 240 789
Bursaries (employees)	847 830	1 140 933
Business and advisory fees	850 662	2 082 695
Catering	1 000 160	1 569 640
Communication	1 097 054	844 154
Computer expenses	951 237	770 845
Computer services	6 862 829	8 434 617
Consumables	1 752 142	1 734 003
Contractors	26 460	35 350
Legal services	679 516	-
Operating leases	10 398 335	11 011 933
Other operating expenditure	2 018 753	1 485 702
Property payments	772 611	1 871 366
Rental and hiring	676 548	381 039
Service in-kind expense	9 678 643	9 037 440
Training and development	91 496	173 597
Travel and subsistence	18 788 086	9 831 234
Uniforms	23 975	30 281
Write-offs and impairments	-	97 004
	64 568 496	**58 938 339**

24. Contracted services

Consultants	2 146 256	1 663 737

Contracted services include expenditure in respect of internal audit as well as accounting services.

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25. Auditors' remuneration

Fees	5 914 092	4 240 789

26. Loss on foreign exchange differences

Loss on foreign exchange differences	173 030	41 184

Foreign exchange differences arise due to the purchase of licences from Microsoft, CWP and CPA.

27. Cash (used in) / generated from operations

(Deficit) surplus	(10 681 893)	12 064 916
Adjustments for:		
Depreciation, amortisation and impairment	6 083 823	8 826 152
Gain/(loss) on sale of assets	(525 197)	(254 471)
Movements in operating lease assets and accruals	(222 180)	56 845
Movements in employee benefits liabilities	1 094 000	1 404 000
Movements in provisions	9 532 690	10 903 731
Changes in working capital:		
Inventories	(103 887)	(275 737)
Receivables from exchange transactions	153 402	(742 770)
Receivables from non-exchange transactions	1 658 943	6 148 555
Payables from exchange transactions	(5 097 436)	(19 085 093)
	1 892 265	**19 046 128**

Eastern Cape Provincial Legislature

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28. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Intangible assets	9 250 859	-
Total capital commitments		
Already contracted for but not provided for	9 250 859	-

Authorised operational expenditure

Already contracted for but not provided for		
• Service expenditure	18 782 392	6 519 216
• Leases	1 766 198	7 085 189
• Travel	51 670	-
	20 600 260	**13 604 405**
Total operational commitments		
Already contracted for but not provided for	20 600 260	13 604 405

Total commitments

Total commitments		
Authorised capital expenditure	9 250 859	-
Authorised operational expenditure	20 600 260	13 604 405
	29 851 119	**13 604 405**

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 443 597	5 336 136
- in second to fifth year inclusive	322 601	1 749 053
	1 766 198	**7 085 189**

Operating lease payments represent rentals payable by the Legislature for certain buildings, other fixed structures, machinery and equipment. No contingent rental is payable.

Mowana Properties

The Legislature is leasing office space for National Council of Provinces delegates for the Eastern Cape permanently based at National Parliament in Cape Town. The National Council of Provinces Committee - is made up of delegates from all the provinces. The lease term is for 3 years from 1 October 2020 to 30 September 2023. The basic rental escalates at 8% per annum.

Aloe XL Travel Services

Aloe XL Travels was appointed to provide travel, accommodation and conference services for a period of 3 years from 1 March 2019 to 28 February 2022. The agreement was subsequently extended by a further 6 months period ending 31 August 2022. As part of the extension, the parties agreed to a 9% service fee the transaction fees.

Bidvest Steiner

Bidvest was appointed to provide fumigation services to the Legislature for the period 1 July 2020 – 30 June 2021.

In addition, Bidvest is appointed for the supply and maintenance of sanitisers for the period 1 Jul 2020 – 30 June 2021.

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Bidvest Execuflora

Bidvest has been appointed for the supply and maintenance of indoor pot plants for the period 1 Aug 2020 – 31 July 2022.

28. Commitments (continued)

ITEC East London

ITEC East London supplies and services printers over a 3-year contract which started on 1 July 2019 until 30 June 2022.

Telkom

Telkom provides telecommunication services with the initial contract entered on 1 July 2008. Service is charged per usage monthly.

Vodacom

Vodacom was appointed through the National Treasury Transversal contract, effective 1 May 2017, to provide cell phone and 3G cards to the Legislature. Service is charged per usage monthly.
Vodacom was also appointed for a 2-year MPL contract, effective 1 February 2017, to provide cell phone and 3G cards to the Legislature. The contract continues to be in effect on a month-to-month basis while the details of the new National treasury Transversal contract are being finalised. Service is charged per usage monthly.

FirstRand Bank (FNB)

FNB has been appointed to provide fuel and repairs services through the National Treasury transversal contract RT46-2020 from 1 Apr 2021 to 31 Mar 2026. Fees are charged per transaction.

Red Alert

Red Alert was appointed to provide hygienic services from 1 October 2020 to 30 September 2021. They were reappointed to provide the same services for the period 1 October 2021 to 30 September 2022.

In addition, Red Alert has been appointed to provide fumigation services from 1 July 2021 to 30 June 2022.

The Legislature also leases automated hand sanitisers from Red Alert for the period 1 July 2021 to 30 June 2022.

State Information Technology Agency (SITA)

SITA was appointed to provide various ICT related services for the period 1 April 2019 – 31 Mar 2024

Careways

Careways has been appointed to provide employee wellbeing services for the period 1 November 2019 – 30 October 2021.

Microsoft

Microsoft has been appointed to provide licences for use of the Microsoft Suite within the Legislature for the period 1 June 2019 to 31 May 2022. The contract fees which are quoted using the US dollar, are payable annually and are subject to the exchange rate.

Compass Waste

Compass waste was appointed for the remove of hazardous waste for the period 1 August 2020 to 31 July 2021.

CR Bow (Pampered Pets)

Pampered pets were appointed to manage the feral cat colony within the Legislature premises for the period 1 August 2020 to 31 July 2022. Fees are charges on monthly basis based on usage.

Eastern Cape Provincial Legislature

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Lunika

Lunika was appointed to provide interim internal audit services to the Legislature for the period 15 March 2021 to June 2021. Fees are charged based on an approved plan. Subsequently, they were appointed from 19 November 2021 to 18 October 2024.

CCG Systems

CCG Systems was appointed to provide support in the preparation of GRAP financial statements from 19 April 2021 to 18 April 2022. Fees are based on a fixed contract amount.

CCG Systems was also appointed for the implementation of an Enterprise Resource Planning System over a 5-year period from 1 December 2021 to 30 November 2026.

29. Contingencies

Nature of contingent liability	2022	2021
Labour matter 1	600 000	600 000
Civil matter 1	500 000	500 000
Civil matter 2	200 000	1 019 865
Civil matter 3	500 000	500 000
Labour matter 3	200 000	200 000
Civil matter 4	3 267 852	-
Civil matter 5	100 000	-
Civil matter 6	300 000	-
Labour matter 5	200 000	-
Labour matter 6	50 000	-
	5 917 852	**2 819 865**

Labour matter 1

This matter relates to the unfair dismissal dispute referred by the Complainant to the Labour court.
This matter appears to be dormant and we intend to send instructions to State Attorney to close this file

Civil matter 1

This matter relates to the Application for review of an award of the office automation tender.
The application was struck off roll with costs. The applicant has brought a new application.
The matter is opposed. They are in the process of filing record as required in terms of the application State.

Civil matter 2

This is a letter of demand for a claim by service provider in respect of outstanding invoices.

Civil matter 3

The political party brought an application against ECPL challenging the constitutionally of ECPL Dress Code Policy and Standing Rules.

Labour matter 3

The client was approached the CCMA challenging her non-appointment as Secretary to the Legislature.
Communication has been received from CCMA that the matter has been activated for In Limine process.
Counsel to be appointed to defend the matter once notices have been received.

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Civil Matter 4

This is a letter of demand for a claim by Service provider for fraudulent Payments made by a former employee

Civil matter 5

An order declaring the failure of the Department of Transport to implement a House resolution unlawful and unconstitutionality. Awaiting court outcome.

Civil matter 6

An urgent interdict following the violence that erupted in the house sitting which was set to debate the SOPA address and the treats to continue with the violence in subsequent sittings. An instruction has been sent to the State Attorneys to close the file.

Labour matter 5

The applicants in the case sought an interim order to have the implementation of the Public Protector's Report stayed pending the determination on the legality of the report. Legislature was cited in the case because there is a remedial action in the report which requires that the Speaker of the Legislature must table the report to the Legislature. We are awaiting the Court's decision.

Labour matter 6

This was a request for a legal opinion on the legality and constitutionality of a Lifestyle Audit for the Legislature. An instruction has been sent to the State Attorney to close file as matter is finalised.

30. Related parties

Relationships	Refer to Member's Report Note 20
Presiding Officers (Members of EXCO)	Refer to note 20
Secretary to Legislature	Refer to note 20
Executive manager: Corporate Services (Key Management)	Refer to note 20
Chief Financial Officer (Key Management)	Refer to note 20
Executive Manager: Parliamentary Services (Key Management)	Refer to note 20
Executive Manager: Legal Services (Key Management)	Refer to note 20
Eastern Cape Government	Eastern Cape Department of Public works (Custodian of the buildings occupied free of charge by the Legislature)

The Legislature is utilising buildings owned by the Eastern Cape Department of Public Works for which the market related rental was determined and this is reflected in Note 19.

No other related party transactions or balances were noted for the year.

31. Going concern

The annual financial statements are prepared on a going concern basis. This basis presumes that the Legislature will be able to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Secretary has reviewed the Legislature's ability to continue as a going concern for the year to 31 March 2023 and, in the light of this review and the current financial position, is satisfied that the Legislature has access to adequate resources to continue in operational existence for the foreseeable future despite the negative liquidity position of the institution at the reporting date.

The Legislature is wholly dependent on the receipt of equitable share from National Treasury of R571 million for continued funding of operations for the 2022/23 financial year which will fund Legislature’s liabilities.

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With the expected budget the Legislature will still be able to finance future operations, realise its assets and settle its liabilities, contingent obligations and commitments for the foreseeable future.

32. Risk management

Financial risk management

The Legislature's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

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

The amounts disclosed in the table are balances due within 12 months equal their carrying balances.

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	48 823 535	-	-	-

At 31 March 2021	Less than 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	53 920 971	-	-	-

Credit risk

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

Receivables comprise of staff debtors. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors.

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

Financial instrument	2022	2021
Cash and cash equivalents	14 107 180	22 819 576
Receivables from exchange transactions	1 757 359	1 910 761
Receivables from non-exchange transactions	-	1 658 943

Market risk

Interest rate risk

As the Legislature has no significant interest-bearing assets, the Legislature's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Legislature does not hedge foreign exchange fluctuations and has limited exposure to foreign exchange risk. The only transactions that affect the foreign exchange risk are occasional foreign travel and the annual Microsoft Office licenses. No foreign denominated assets or liabilities at year end exists.

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33. Irregular expenditure

Opening balance	1 339 394	2 974 070
Add: Irregular Expenditure - current year	-	1 389 673
Less: Amounts condoned	(1 339 394)	(3 024 349)
	-	**1 339 394**

Details of irregular expenditure - current year

Current year	-	1 389 673
Prior years	-	(50 279)
	-	**1 339 394**

There was no irregular expenditure recorded in the financial year.

34. Fruitless and wasteful expenditure

Opening balance	20 483	17 000
Add: Fruitless and wasteful expenditure current year	10 549	17 623
Less: Amount condoned	(17 623)	-
Less: Amount Recovered	-	(14 140)
	13 409	**20 483**

The current year expenditure R10 549 relates to the interest on the overdue account, payment for accommodation no show and payment of traffic fine.

The opening balance of the R 17 000 (for prior year) and an amount that was recovered from staff for R14 140 (in prior year) resulted in a difference of R 2 860 that has been referred to the Legal Unit for recovery as the member is no longer within the employment of the Legislature.

35. Budget differences

Material differences between budget and actual amounts

Management has considered material variance to be the excess of actual revenue and expenditure over the final budget amounting to 10% and only those variances (as defined) that exceed, R100 000 are considered to be material.

Details of each material difference is explained below:

Departmental Revenue

Departmental revenue is made up of interest, accumulated throughout the year by maintaining a positive bank balance as well as receipts from disposal of assets, sale of goods and commissions received.

Appropriation

Appropriation in line with the voted adjusted budget, included in the 2021/2022 voted budget is an amount R 1 658 000 allocated to direct charge for 2021/2022 to cover exit benefits pay - outs for members that did not return in May 2019 after general elections.

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Expenditure

General Expenditure

The variance of R 1 542 944 is a result of timing difference of accruals of invoices submitted by supplied after year end.

Capital Expenditure

35. Budget differences (continued)

The budget variance can be attributed to ICT infrastructure projects, Security services project as well as procurement of laptops that could not be finalised during the 2021/22 financial year mainly due to the Constitutional Court Ruling suspending all procurement of over R 30 000.

The ICT infrastructure tenders for the infrastructure projects were advertised twice, in the first round there was only one response and the Legislature could not proceed with the bid process as it was deemed anti-competitive.

The second time, an award could not be made as the bids were non-compliant. The bids will have to be re-advertised.

All procurement within the Legislature, including Capital Expenditure has been negatively affected by the moratorium of the Constitutional Court. The Legislature is in the process of applying to the Minister of Finance for exemptions to continue to procure essential ICT projects in line with its procurement plan to upgrade and support its ERP implementation for business continuity. The underspent budget will be requested to be approved to be ring-fenced during the adjustment period and rolled over into the 2022/23 financial year. The funds will be utilised to continue with implementation of the ERP System project and procurement of its capital projects.

36. Prior-year adjustments

Presented below are those items contained in the disclosure that have been affected by prior-year adjustments:

Statement of financial position

2021

	Note	As previously reported	Correction of error	Restated
Payables from exchange differences	10	55 314 972	(1 394 001)	53 920 971
Accumulated surplus		54 621 508	(1 394 001)	53 227 507

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
General expenditure	4	(60 332 340)	1 394 001	(58 938 339)
Surplus / (Deficit) for the year		(10 670 915)	(1 394 001)	(12 064 916)

Payables from exchange transactions - Trade and other payables were restated by R1 394 001 as a result of overstatement and reversals of accrual items raising in the previous year.

Accumulated Deficit - Resulted from changes in financial position and performance.

General Expenditure change due to the change in payables.

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36. Prior-year adjustments (continued)

Irregular Expenditure

	Note	As previously reported	Correction of error	Restated
Opening balance		2 974 070	-	2 974 070
Expenditure	33	393 732	995 941	1 389 673
Less: Amounts condoned		(3 024 349)	-	(3 024 349)
		343 453	**995 941**	**1 339 394**

The restatement was in respect of the motor vehicle that was not included in 2020/2021 audited financial statements value was R 962 451, however the property plant and equipment was correct as per the audited financials at 2020/2021.

The restatement was in respect of tablecloths that was purchased in the 2020/ 2021 financial year and was identified in the current year with a value of R 32 788.

The value of R 700 was incorrectly disclosed last year as the difference arose between the register and the disclosure.

Fruitless and wasteful expenditure	**As previously reported**	**Correction of error**	**Restated**
Opening balance	17 000	-	17 000
Expenditure	-	17 623	17 623
Less: Amounts condoned	(14 140)	-	(14 140)
	2 860	**17 623**	**20 483**

The R 17 623 related to the Old Mutual provident fund interest payment on overdue account.

37. Events after the reporting date

On the 14 June 2022, the President proclaimed cost of living adjustment for MPLs, in line with that the Premier pronounced the upper limits. This is a non-adjusting event as no condition existed at the reporting date relating to the proclamation.

Section 6(1) of the Remuneration of Public Office-Bearers Act, 1998 (Act No.20 of 1998) provides that "(1) The upper limit of salaries and allowances of a Premier, members of an Executive Council and members of a provincial legislature shall from time to time be determined by the President by proclamation in the Gazette.

Prior to the increase being effected as per section 6(3) of the Remuneration of Public Office-Bearers Act 1998, the increase is then effected through the Proclamation by the Premier.

38. Debt impairment

	2022	2021
Decrease / (Increase) in debt impairment	189 074	(182 732)

39. Revenue

	2022	2021
Sundry income	32 911	405 201
Interest received	20 389	371 143
Appropriation	560 508 868	581 114 000
Public contributions and donations	70 000	-
Service in-kind revenue	9 678 643	9 037 440
	570 310 811	**590 927 784**

Eastern Cape Provincial Legislature

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The Legislature has noted the GRAP 18 segment reporting requirements, however Eastern Cape Provincial Legislature

Figures in Rand	2022	2021

39. Revenue (continued)

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

Sundry Income	32 911	405 201
Interest received - investment	20 389	371 143
	53 300	**776 344**

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

Transfer revenue		
Appropriation	560 508 868	581 114 000
Public contributions and donations	70 000	-
Service in-kind revenue	9 678 643	9 037 440
	570 257 511	**590 151 440**

40. Finance costs

Interest cost	477 000	478 000

The above cost relates to interest cost resulting from the employee benefit obligations obtained from the actuarial report.

41. Gain on disposal of assets

Disposal on Property Plant and Equipment (Note 7)	155 753	213 005
Proceeds on disposal of assets	(680 950)	(467 476)
Gain on disposal of assets	**(525 197)**	**(254 471)**

42. Segment Reporting

General information

Identification of segments

The Legislature has noted the GRAP 18 segment reporting requirements, however Eastern Cape Provincial Legislature does not have reportable segments.

Information about geographical areas

The Legislature 's operations are in Bhisho under the Eastern Cape Province.