KWAZULU-NATAL **LEGISLATURE**

AN ACTIVIST, PEOPLE-CENTRED LEGISLATURE

ANNUAL REPORT

2021/22

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ABBREVIATIONS

Abbreviation	Full Description
ACDP	African Christian Democratic Party
AGSA	Auditor-General of South Africa
AIDS	Acquired Immunodeficiency Virus
ANC	African National Congress
AOP	Annual Oversight Plan
APP	Annual performance plan
Arco	Audit and Risk Committee
ATM	African Transformation Movement
BranCo	Branch Committee
CAE	Chief Audit Executive
CBOs	Community-based organisations
CoGTA	Cooperative Governance and Traditional Affairs
CPA	Commonwealth Parliamentary Association
CPFs	Community Policing Forums
DA	Democratic Alliance
Dirco	Department of International Relations and Co-operation
DoPW	Department of Public Works
DoRA	Division of Revenue Act
EFF	Economic Freedom Fighters
ERP	Enterprise Resource Planning
ExCo	Executive Committee
FISs	Focused Intervention Studies
FMPPLA	Financial Management of Parliament and Provincial Legislatures
GRAP	Standards of Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
IA	Internal Audit
ICT	Information Communication Technology
IDPs	Individual Development Plans
IESBA	International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants
IFP	Inkatha Freedom Party
IGR	Inter-Governmental Relations
IPRS	Indicator Protocol Reference Sheets
IR	International Relations
ISAs	International Standards on Auditing
KZNPL	KwaZulu-Natal Provincial Legislature
MF	Minority Front
NFP	National Freedom Party
STACOV	Standing Committee on Oversight

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FOREWORD

Honourable Ms Nontembeko Nothemba Boyce

Speaker of the KwaZulu-Natal Legislature

Over the years, the KwaZulu-Natal Legislature has distinguished itself as a Legislature whose decorum is one of the most protected and respected in the country. This invaluable tradition has further become a foundation on which different political parties represented in the Legislature have built a culture of working together especially to ensure that the Legislature's Programme is not derailed due to diverging political ideologies. While we were still reeling under the scourge of Covid-19, the year under review saw the Province being hit by the July 2021 unrests. As if this was not enough, the April 2022 floods put salt on an open socio-economic wound. These events could have easily become a source of division and political disruptions for the Legislature, but the culture of working together made sure that the Legislature was not deterred. This togetherness was not restricted to the Elected Members of the House but was felt across the whole Legislature including the employees in the administration.

We are proud to report that working together has earned us yet another clean audit outcome. Having updated and approved our Standing Rules of the KwaZulu-Natal Legislature in November 2021 had a strategic impact on both operations of the Legislature and the audit outcome. In the face of a strong war against corruption, maladministration and poor service delivery, a clean audit outcome by the Legislature is an effective weapon required to build the electorate's confidence in this government.

We are pleased to report that our strategy review session highlighted a need to urgently pursue outcomes-based oversight. This is meant to ensure that these good audit outcomes do translate to better service delivery and improved quality of life for the citizenry in our Province. In the interest of ensuring that we are making an impact through the laws that we pass, our intention of evaluating the implementation of at least one of our laws remains on our radar. Partnership with at least one of the Chapter 9 & 10 institutions to complete this project is critical to achieve this in the 2022/23 financial year.

We are happy to report that the draft concept paper on the Amendment of Money Bills has been converted into a draft Bill and will be tabled before relevant Legislature structures. We are hard at work to ensure that the draft Bill is processed in the ensuing year and as such, intense political and administrative consultations are underway. Similarly, the draft Bill on Subordinate Legislation to be driven by the Portfolio Committee: Office of the Premier, remains a target for tabling and passing within this term.

Being a Local Government Election year, our objective of reviving the Provincial Speaker's Forum had to be put in abeyance to allow the ushering in of new Local Government leadership. We are happy to report that engagements with the new Local Government Leadership, especially at SALGA level did begin towards the end of the 2021/22 financial year. As part of our public participation mandate, the low voter turnout remains a concern for the Legislature and our voter education programme will need to be reviewed to address this issue. The Sector Parliament Programme was executed as planned, however, the planned respective assessment report to help us improve in this area is due in the ensuing year.

It is important to state that the Legislature had to scale down its activities to accommodate the Local Government Elections. This had an implication on some Portfolio Committees as they could not meet to process Quarterly and Annual analysis reports on Departmental Performance. Another process that was affected was the SCOPA hearings.

The Functionality Programme remained one of the instruments of oversight and was also used to oversee the implementation of NDP/PGDP in the Province. While we are happy to report that the Education Functionality was successfully executed and more schools covered than in the past years, the tabling of the report will be done early in 2022/23.

In our efforts to demonstrate that we appreciate that the Legislature has a constitutional obligation to use its mandate to protect, respect, promote and fulfil the rights of all persons, as set out in the Bill of Rights (South Africa, 1996), the insourcing of Cleaning and internal audit services is underway.

The Speaker's Social Responsibility Programme did not waver from making interventions in communities, especially in schools, farms and community-based formations. In the past financial year, at least 770 complete sets of school uniforms were distributed to a total of thirteen (13) schools in six Districts (eThekwini Metro; uMgungundlovu; uGu; Zululand; uMkhanyakude and Harry Gwala) within the Province.

A further 15 laptops, computer desks and chairs were distributed to schools. The programme further installed a network booster at Mabomvini Combined School. Amongst other things donated were wheelchairs for the disabled, Fridges; Beds; Stoves; Furniture; Groceries and Electricity units.

Going forward, the Speaker's Social Responsibility Programme will focus on installing boreholes in care facilities (homes) especially in Districts experiencing water crises and will assist informal traders as well as get involved in the back-to-school campaigns.

As part of the Workers Month activities, the programme had an outreach function to appreciate Covid-19 pandemic frontline workers, particularly healthcare workers at Ladysmith Provincial Hospital.

As we put our hands on the plough into 2022/23, we are confident that our unity in action will mobilise all our strategic stakeholders as we pursue yet new and higher performance horizons.

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

OFFICIAL SIGN-OFF

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

I have the honour of submitting the Annual Report of the KwaZulu-Natal Provincial Legislature for the year 2021/22 to the Executive Authority in terms of Section 59 of FMPPLA the Financial Management of Parliament and Provincial Legislatures Act, Act no 10 of 2009.

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Ms N Naidoo
Secretary to the KwaZulu-Natal Legislature

INTRODUCTION BY THE SECRETARY

Ms Nerusha Naidoo

Secretary: KwaZulu-Natal Legislature

Through its constitutional mandate, the KwaZulu-Natal Legislature continues to seek better ways of advancing a better life for the people of KwaZulu-Natal. The goal of modernising the Legislature, in an effort to better service communities, saw the Legislature rollout an institution-wide business process mapping project. This is a catalytical project meant to provide a solid foundation on which digitalisation processes will be anchored to support a new business operating model for the Legislature. On this note, it is pleasing to report that in the year under review, the Legislature passed a policy on Remote-Working to enable qualifying staff to effectively work from home as well as address, in a significant way, the scarce office accommodation situation currently facing the Legislature. In the face of restrictive budget allocation both at Provincial and National Level, modernisation through business process mapping and re-engineering is meant to improve institutional efficiencies based on shorter, effective and cheaper business processes.

The process of reviewing institutional policies is ongoing as a response to innovation initiatives informed by the process mapping initiative and change management programmes will therefore be prioritised in the ensuing year. The structures supporting processes of work force stability remained effective to ensure compliance with the applicable labour prescripts including running targeted capacity building and wellness workshops/programmes for both staff and Members of the Legislature. In this vein, arrangements to resuscitate the international benchmarking programme for committees are underway to ensure that committees do embark on this programme in the ensuing year.

To strengthen support for effective execution the Legislature mandate, the reviewing and customisation of the Sector Oversight Model did get underway. This process dovetailed into the process of developing a Research Framework that will better entrench research utilisation by Committee. Parallel to these processes, were workshops on the Amended Standing Rules to ensure that the mandate of the Legislature is effectively and harmoniously executed. In the ensuing year, more targeted Rules workshops will be held to ensure a common and complimentary understanding and implementation by different structures of the Legislature and strategic stakeholders.

At a sector level, the Legislature continued to participate through the National Speakers' Forum of South Africa, Secretaries Forum and in various sector task-teams. It is important to state that because of vast experience in sector matters, this Legislature is represented in the newly established Parliamentary Institute. Furthermore, relevant activities of the Commonwealth Parliamentary Association (CPA) were effectively attended.

The goal of achieving and maintaining a clean administration remained one of the main motivators for staff, managers and Members of the Legislature. It is pleasing to report that based on audit outcomes achieved since the beginning of this sixth Legislature, there has been a positive trajectory from being qualified in 2018/19, an unqualified opinion in 2019/20, followed by a clean audit outcome in 2020/21. The year under review has not disrupted this trend as another clean audit status was achieved. The guidance of the political leadership and oversight by Stacov working together with the Risk & Internal Audit Committee continued to have positive outcomes as evidenced by the Auditor-General's reports.

Apart from a clean audit opinion given by the Auditor-General, the Legislature is fully aware that there is always adequate room for improvement. Each audit season is viewed as an opportunity to focus on new horizons as we pursue value for money within the institution and improved service delivery to the citizens of this Province.

It is against this background that as the Accounting Officer of the Legislature, I forward the KwaZulu-Natal Legislature's 2021/22 annual report to the Honourable Speaker.

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Ms N Naidoo
Secretary to the KwaZulu-Natal Legislature

VISION STATEMENT

An Activist, People-Centred Legislature

MISSION STATEMENT

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

STRATEGIC OBJECTIVE

OVERSIGHT

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

Provide an efficiency and research-driven oversight

PUBLIC PARTICIPATION

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

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

LAW-MAKING

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

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

STRATEGIC OBJECTIVES : GOVERNANCE AND LEADERSHIP

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

i. *Improved institutional performance management;*

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

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

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

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

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

CORE VALUES

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

i. Ethical behaviour: To act honestly and with integrity

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

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

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

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

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

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

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

MANDATE

Constitutional Mandates

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

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

Legislative Mandates

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

- Financial Management of Parliament and Provincial Legislatures Act, Act No. 10 of 2009 as amended;
- Promotion of Access to Information Act, Act No. 2 of 2000;
- Labour Relations Act, Act No. 66 of 1995 as amended;
- Basic Conditions of Employment Act, Act No.75 of 1997;
- Skills Development Act, Act No. 78 of 1998;
- Employment Equity Act, Act No. 55 of 1998;
- Preferential Procurement Policy Framework Act, Act No. 5 of 2000;
- Broad Based Black Economic Empowerment Act, Act No. 53 of 2002;
- State Information Technology Agency Act, Act No. 38 of 2002.
- Public Finance Management Act; and
- Municipal Finance Management Act.

Policy Mandates

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

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

RELEVANT COURT RULINGS

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

PART 1:

GENERAL INFORMATION

The KwaZulu-Natal Legislature executed the following projects and/or activities during the 2021/22 financial year:

1. PUBLIC PARTICIPATION

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

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

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

To fulfil this constitutional mandate during the 2021/22 financial year, the Legislature embarked on a series of activities that encouraged public participation, which included the following main programmes:

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

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

Table 1

Event	Venue	Dates
Inter-Faith Symposium	Harry Gwala District	30/04/2021
Workers' Parliament	King Cetshwayo District	27-28/05/2021
Youth Parliament	UMgungundlovu District	18/06/2021
Women's Parliament	UMgungundlovu District	09-10/08/2021
Senior Citizens' Parliament	Zululand District	29-30/08/2021
Taking Legislature to the People (TLtP)	uMkhanyakude District	14-15/09/2021
Children's Parliament	UMgungundlovu District	01/06/2021
LGBTIQA+ Symposium	UMgungundlovu District	09/04/2021
Sex Work Symposium	UMgungundlovu District	04/06/2021
People with Disabilities' Parliament	King Cetshwayo District	01-03/12/2021
Official Opening of the Legislature	UMgungundlovu District	25/02/2022
State of the Province Address		26/02/2022

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

In this term, the Legislature adopted a strategic objective on public participation that seeks to create closer partnership with communities as well as to become even more visible in communities. The drive towards fourth industrial revolution concepts continues to seek to overhaul public participation approaches especially in a bid to reach-out to a majority of those that have already migrated onto digital platforms. The annual evaluation of public participation programmes that was planned for the year under-review was not completed but will be concluded in the 2022/23. A draft report was however provided before the end of March 2022.

1.2 Public Education

The Legislature has a critical constitutional obligation of facilitating public involvement in legislative matters in line with Section 118 of the Constitution. In this regard, the Legislature persistently endeavoured to enhance the knowledge of ordinary citizens about legislative matters, processes and their right to information. A revised strategy on civic education was implemented. The reviewed strategy was necessitated by the need to comply with the stringent Covid-19 Lockdown protocols during the year under review. Through this programme, the Legislature ran voter education campaigns to support the 2021 Local Government Elections. This is an area that remains critical in the Legislature's efforts to deepen democracy in the Province. While all citizens are targeted for civic and public education, focus has always been on the youths and marginalised groups in our communities.

1.3 Public Hearings

Public hearings remain one of the strategic public involvement requirements in the processing of bills and these were held though under Covid-19 lockdown restrictions. The public, through their constituencies continued to have a right to make their inputs.

2. COMMUNICATIONS

To enhance the public profile of the work of the Legislature, especially that of its committees, the Legislature maintained its allocation of Communication Officers to Committees. During the year under review, Communications continued to work closely with the Public Participation & Petitions Division to ensure dissemination of legislature information to all that are living in the Province. Efforts to improve and make the Legislature's website more accessible, educational and informative continue. Utilising social media platforms, the Legislature streamed all Legislature Sittings, Sector Parliaments, Multi-Party & Public Hearings, including Oversight Visits and Functionality Programmes. While Covid-19 and its lockdown protocols had a negative impact to operations of the Legislature and social life in general, it however helped to Fastrack digitalisation in the communication space within the Legislature. The Legislature, however, continued to make use of radio slots and print media in communicating the work of the Legislature.

3. COMMITTEES AND OVERSIGHT

3.1 Partnerships with Chapter 9 and 10 Institutions

Chapter 9 and 10 institutions continued to be strategic partners with the Legislature particularly in making presentations at Sector Parliaments and briefings to Committees. They have always played a role in strategy review sessions of the Legislature especially Statistics South Africa, the Public Service Commission and the Auditor-General. Their participation has influenced priorities and resource allocations within the Legislature. They also played a role during the strategic planning sessions and in sector parliament sessions. Based on the mid-term strategy review session, in the 2022/23 financial year, a consultative platform will be established to explore and improve on areas of partnership between the Legislature and these institutions particularly on research related areas. One of the strategic areas targeted for partnership improvement is on the development and management of a provincial service delivery baseline information on NDP/ PGDP. Such a baseline is required to enhance oversight work of the Legislature. Institutions of higher learning and research bodies within the Province will also be targeted for participation in the envisaged platform.

3.2 Sector Oversight Model Implementation

To enhance implementation of the Sector Oversight Model by the Legislature, a process of customisation was rolled out during the year under review. A service provider with a wealth of experience in the legislative sector was appointed to facilitate the customisation consultation sessions and workshops. Linked to the customisation of SOM, was the development of the research framework for the Legislature. These two processes are a precursor to the business process mapping project aimed at developing a new Business Operating Model (BOM) for the Legislature. It is the envisaged new BOM that will form the foundation on which the Legislature's Digitisation Strategy will stand. It is important to state that as part of the customisation and process mapping processes, the House Operations also ran a workshop to review and better understand House Processes. The customised SOM is not only aimed at Committee work but the whole oversight, public participation and law-making value chain which includes House Operations. A completed and approved customised SOM is now set to be achieved in the 2022/23 financial year.

3.3 Functionality Monitoring Programmes

During the course of the year, the Legislature continued with its Functionality Monitoring Programme. Education and Health remained central and as such, the functionality programme was structured in a manner that it focused on the implementation of NDP/PGDP. Going forward, all Functionality Monitoring Programmes will be explored as instruments of strengthening oversight over the implementation of the NDP/PGDP.

4. RESEARCH & COMMITTEE PERFORMANCE

4.1 Focused Intervention Studies (FISes)

As part of implementing SOM, the Legislature continued to conduct FISes, however, not all committees achieved in this area and the 2021 Local Government Elections had some impact on this underachievement. Having employed additional Researchers in 2020, the expectation is that this is one of the areas that increased output should be realised and efforts to improve in this area will be supported through the Office of the Chairperson of Committees. The outstanding FISes will be pursued in the 2022/23 financial year. The outstanding reports will be processed in the ensuing year.

4.2 Oversight Visits

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

While the target on quarterly reports on oversight visits in terms of SOM were met, Committees without dedicated research capacity legged behind on this and other related aspects of Committee work. Efforts are still underway to ensure that at least all Committees eventually are provided with research capacity. It is also important to state that while oversight visits are strategic, an evaluation of their impact is now due especially as it relates to follow-ups on respective resolutions.

4.3 Oversight Analysis Reports

Supported by the Researchers and Economic and Content Analysts, Committees were able to conduct oversight on the work of the Provincial Executive in terms of SOM. The targeted Annual and Quarter Analysis reports were not all achieved mostly because of the decision to scale down Legislature activities to accommodate the 2021 Local Government Elections. This meant that some Committees could not meet to process the analysis reports. These reports are provided as advisory notes to strengthen the oversight work of Committees. It is also important to state that not all Committees have dedicated Researchers which is a state of affairs that compromises quality of oversight for some Committees.

As indicated above, the role of Chapter 9 & 10 institutions as well as academic and research institutions will continue to be utilised in the oversight work of the Legislature as well as in the determination of Committee Annual Oversight Plans (AOPs) priorities. Committee Annual Oversight Plans draw their priorities from NDP/PGDP as well as draft APPs and Budgets of departments.

4.4 Capacity Building, Committee Performance and Budget Monitoring

The performance and quality of work outputs of Committees largely depends on the effectiveness and capacity of Committee Chairpersons. Focused capacity building workshops for Chairpersons of Committees continued. These are primarily driven by an economic transformation agenda. It is the objective of the Office of the Chairperson of Committees to empower Committee Chairpersons to drive, amongst other strategic matters, economic transformation in the Province through decisions, resolutions taken by Committees. The intention is to capacitate Committee Chairpersons in both ensuring that the priorities of their Committee AOPs are both driving transformation through government APPs and that such priorities inform Committee resolutions.

Linked to the above, capacity building programmes were meant to help in the management and monitoring of Committee budgets and expenditure and the Committee AOPs are central in this regard. Supported by their Committee Support staff, Chairpersons are to present Quarterly Committee Expenditure and Performance reports on the implementation of their Committee AOPs at the Chairpersons' Committee. This will enhance the Committee Chairpersons' responsibilities as effective managers of their Committee state of performance and delivery.

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

4.5 International Empowerment Programme

The impact of Covid-19 on Legislature operations rendered it impossible to execute effective international empowerment travels. Over the year under review, no international travels under this programme were therefore executed. However, with the relaxed Covid-19 protocols both nationally and globally, the Office of the Chairperson begun a process of resuscitation of this aspect of Committee Empowerment. It is anticipated that the year 2022/23 will see a number of Committees embark on this programme bearing in mind that 2023/24 will carry overtones of the national and provincial government elections. This may make it difficult for the Legislature to find time to drive this programme.

4.6 Library Services

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

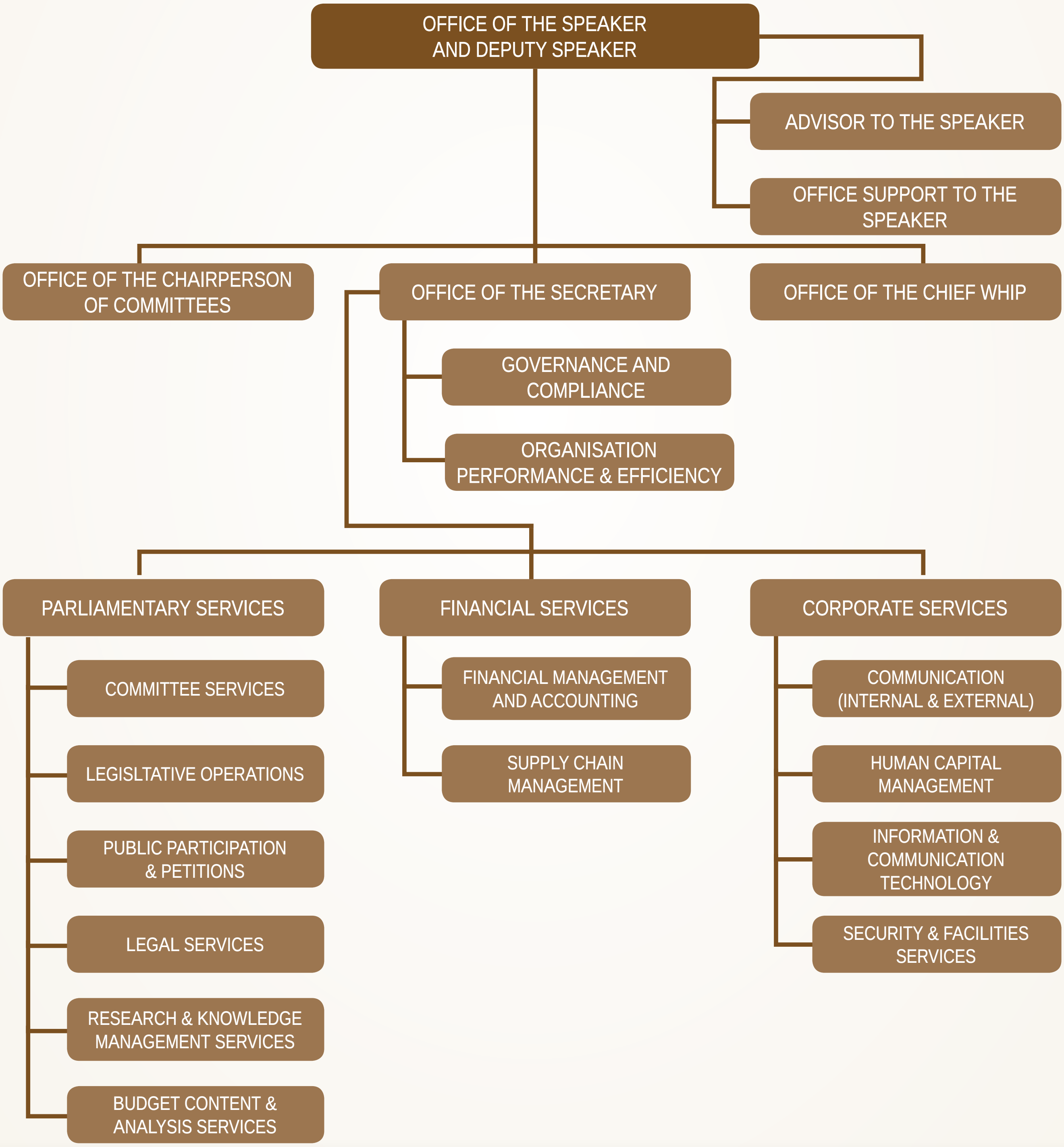
Furthermore, in keeping up with the digitalization agenda, the Legislature has embraced Press Reader as an additional tool for Members to access and read newspapers online through their smart phones and gadgets.

5. ORGANISATIONAL ARRANGEMENTS AND HUMAN RESOURCE MANAGEMENT

5.1 Restructuring and Job Evaluation

While during the 2021/22 financial year, the Legislature operated as per the 2018/19 organisational structure (see Fig. 1 below), a decision to implement in-sourcing of cleaning and internal auditing services began to require an amendment to the organogram. Administrative processes in this regard were initiated during the year under review and in some instances (i.e. internal audit,) interviews were conducted. It is anticipated that the insourcing will conclude in the 2022/23 financial year and applicable amendments to post establishments and organogram will be effected.

Fig. 1: ORGANISATION AND ESTABLISHMENT KZN LEGISLATURE



As was reported last year (2020/21), by their very nature, the process that led to the 2018/19 organogram gave rise to CCMA cases wherein Job Evaluation results were challenged. At the close of the 2021/22 financial year, two outstanding CCMA cases on this matter remained unresolved, hopefully these will be concluded during 2022/23.

5.2 Review and Implementation of Policies

The review of institutional policies is an on-going activity and update reports were tabled at the quarterly meetings of the risk and audit committee. The most important policy that was developed and approved during the year under review was the policy on Remote Working. This is a critical policy in the implementation of the digitisation process of the Legislature. Linked to this is the need to address office space requirements in light of the unrenewed leases on Office Accommodation for both staff and Members of the Provincial Legislature. It is anticipated that through implementing this policy, office accommodation challenges may be eased.

6. LAW-MAKING

6.1 Finalisation of Regulations to FMPPLA

The process of finalizing FMPPLA Regulations remained on the agenda of the Legislative Sector and the Legislature continued to push for the finalisation of this process. It is also important to state that while the Legislature participates in this process, this is a process driven at a National Parliament level and as such the Legislature awaits to be led at that level on the way forward. This is also true with regards to the passing of the Legislative Sector Bill.

6.2 Laws and Bills

The Legislature remained committed to delivering on its mandate of law-making, and during the 2021/22 financial year a total of 6 bills were passed (see table 2 below).

Table 2

FIRST QUARTER	Appropriation Bill, 2021
	KZN Elimination and Prevention of Re-emergence of Slums amendment Bill, 2021
	KZN Authorization of Unauthorised expenditure Bill, 2021
SECOND QUARTER	N/A
THIRD QUARTER	KZN Adjustments Appropriation Bill, 2021
FOURTH QUARTER	KZN 2nd Adjustments Appropriation Bill, 2022
	KZN Authorization of Unauthorised expenditure Bill, 2022

In terms of the 2021/22 Annual Performance Plan, the Legislature had planned to do an impact assessment on at least one law passed by the Legislature. This target remained unachieved but will remain a target to be pursued in the incoming financial year.

PART 2:

ANNUAL PERFORMANCE REPORT

PROGRAMME PERFORMANCE
ANNUAL INSTITUTIONAL PERFORMANCE REPORTS
(APRIL 2021- MARCH 2022)

The services and performance targets in the 2021/22 Annual Performance Plan for the KwaZulu-Natal Legislature are organised and budgeted for under Programme 1 (Administration) and Programme 2 (Parliamentary Business). The actual performance against each indicator is contained in the table below.

SUMMARY

Introduction

1. Out of a total of 23 annual targets {seven (7) in Programme 1 and sixteen (16) in Programme 2}, **only three (3)** were not achieved. This means the Legislature's annual performance stands at **86.96%** which is a **15.53%** improvement from the **71.43%** achieved in 2020/21.

Discussion

2. The three missed targets are all in Programme 2 and they are as follows: -

   i. Target **2.2** in the table 3 below. This is a review on the implementation of the Public Participation mechanisms contained in the Legislature's Public Participation Framework. The Legislature appointed a service provider to review the sector parliament programme. Most of the work was done in the third and fourth quarters of the year under review. The interviews were concluded late in the fourth quarter and as such, the report has been set for presentation early in the 2022/23 financial year. Another public participation mechanism will be reviewed in the upcoming year and plans to ensure that the project commences early are underway to ensure that the project is completed in time.

   ii. Target **2.8** in the table 3 below. This refers to the oversight work over the department's performance in implementing their 2021/22 Annual Performance Plans and Budgets. The target for the fourth quarter was to analyse twelve (12) departments' quarter/annual reports and provide feedback and or engage respective departments. While these reports were prepared, eleven (11) were considered by respective Committees. As was reported in the last quarter, the Legislature's scaled-down activities in the third quarter and a tight Programme in the fourth quarter (due to two Functionality Programmes, Opening of the Legislature & State of the Province Address as well as the start of the Budget Hearings planned for March 2022 to May 2022, some Committees could not get meeting slots to process the reports under discussion. These will be processed in the first quarter of 2022/23.

   iii. Target **2.15** in the table 3 below. This refers to the assessment report on the impact made by laws passed by the Provincial Legislature. This is the first time that such a project is done by the Legislature. During the process of developing the concept and methodology to be followed, it became clear that the project will not be adequately executed using only the internal resources in light of the already stretched internal research capacity. The draft concept document and project plan has since been developed and is set for consultation at ExCo and Political Leadership levels in the first quarter of 2022/23.

   This is one of the projects to be jointly executed as a partnership between the Legislature and Chapter 9 & 10 institutions, especially the Public Service Commission. This project has therefore been carried over as part of the 2022/23 Annual Performance Plan target.

3. While the following two (2) targets are captured as achieved, some explanation is required to indicate aspects that were missed and have since been scheduled for completion in the first quarter of 2022/23.

   i. Target **2.6** in the table 3 below. This refers to the conduction of oversight and tabling of an oversight report on the implementation of National Development Plan/Provincial Growth Development Plan (NDP/PGDP) through the School Functionality Programme. In previous years, this programme required 12 teams of Members of the Legislature to visit identified schools across the Province. Each team would be supported by a Researcher. This year, instead of creating 12 teams, 24 teams were created to cover more schools than in previous years. This meant that the number of reports to be consolidated by Researchers was doubled. With the shortage of Researchers, the process of consolidating and quality assuring the report took longer than was expected and as such, the report could not be tabled within the targeted quarter. The report has been put for tabling in the first quarter of 2022/23.

It is however important to state that there was an outstanding Functionality Programme report on War-Rooms that was held in 2020/21. The applicable report was only tabled in the second quarter of the year under review. It is this report that accounts for what appears as an achievement of the annual planned target of two (2).

ii. Target **2.10** in the table 3 below. This one refers to the tabling of the report on SCOPA Hearings that were set to commence and conclude before end of March 2022. The hearings were only concluded at the end of March 2022 and as such the report could not be prepared and tabled before the end of the quarter. This means the annual target of two (2) was missed by one (1).

iii. It should, however, be stated that SCOPA tabled its missed 2020/21 report in the first quarter of 2021/22. It is this report together with the third quarter report that accounts for what appears as an achievement of the annual target of 2.

4. Target 2.7 in the table below relates to the provision to Committees of a total of fifteen (15) analysis reports on the consideration of draft 2022/23 departmental APPs and Budgets. Two of the targeted reports on Votes 10 and 15 were amalgamated into one report. This was necessitated by the fact that during the course of the year, the Provincial Executive began a process of merging the two Votes (Department of Arts & Culture and Department of Sport & Recreation) into one Vote/Department. As already indicated, the two reports were then presented as one report and as such, the reported achievement is fourteen (14) reports and not fifteen. This gives an impression of an underachievement but in reality, this is one of the targets that were achieved.

Going forward, this target will be adjusted to align with the final number of Votes in the Province.

Table 3

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Programme 1: Administration			
Strategic Objective: Good governance internal controls and integrity management			
Output (Measurable Objective) 1.1 Achieved clean audit by 2021/22	4		
Performance Indicator Quarterly reports on follow-up audits on management efforts towards achieving a clean audit			
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Improved institutional performance management			
Output (Measurable Objective) 1.2 Improved Institutional performance, planning, monitoring, reporting and evaluation	5		

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Performance Indicator Quarterly and APPs detailing implementation of 2021/22 APP and Annual Oversight Plan (AOP) targets, as well as progress in the development of the 2022/23 APP, AOP in compliance with FMPPLA and the clearing of applicable audit and risk issues			
Service Delivery Annual target – 5 Actual performance – 5			
Strategic Objective: Improved Institutional fiscal discipline and implementation of financial and supply chain prescripts.			
Output (Measurable Objective) 1.3 Improved management of the Legislature's budget and expenditure			
Performance Indicator Quarterly budget performance reports detailing implementation of 2021/22 budget as well as progress in the development of the 2022/23 budget in compliance with FMPPLA and the clearing of applicable audit and risk issues.	4		
Service Delivery Annual target – 4 Actual performance – 4			
Strategic Objective: Improved institutional fiscal discipline and implementation of financial and supply chain prescripts			
Output (Measurable Objective) 1.4 An implemented Procurement Plan aligned to the Legislature's Budget			
Performance Indicator Quarterly reports on the implementation of the Procurement Plan in compliance with SCM prescripts as well as clearing of applicable audit and risk issues	4		
Service Delivery Annual – 4 Actual performance – 4			
Strategic Objective: Improved corporate (Human capital, Communications, Security & Facilities management services).			
Output (Measurable Objective) 1.5 Improved human resources management and development	4		

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Performance Indicator Quarterly reports on the provision of Human Capital management services and clearing of applicable audit and risk issues			
Service Delivery Annual – 4 Actual performance – 4			
Output (Measurable Objective) 1.6 Improved provision of Security and Facilities Services			
Performance Indicator Quarterly reports on the provision of Security and Facilities Services and clearing of applicable risk matters	4		
Service Delivery Annual – 4 Actual performance – 4			
Strategic Objective: Enhanced legislature efficiencies through utilisation of digital platforms and provision of information and communication technology services.			
Output (Measurable Objective) 1.7 Improved ICT management, services and support			
Performance Indicator Quarterly reports on the digitisation of the Legislature in terms of the ICT plan and clearing of applicable audit and risk issues.	4		
Service Delivery Annual target – 4 Actual performance – 4			
Programme 2: Parliamentary Business			
Strategic Objective: Provide formidable and strategic partnerships with citizens, communities and civil society organizations			
Output (Measurable Objective) 2.1 Improved provision of public participation and petitions services			
Performance Indicator Quarterly Reports on the implementation of the public/civic education strategy	4		
Service Delivery Annual target – 4 Actual performance – 4			

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Output (Measurable Objective) 2.2 Improved provision of public participation and petitions services **Performance Indicator** Number of review reports on the implementation of the KZN Legislature Public Participation Framework **Service Delivery** Quarterly target – 1 Actual performance – 0	1	The sector parliament programme is one of the PP mechanisms contained in the Legislature's Public Participation Framework. The process of procuring a service provider took longer than was expected. This delayed the commencement of the work. While the review report is outstanding, the appointed service provider did the groundwork and concluded applicable interviews just before the year end.	The report is set to be presented in the first quarter of 2022/23 and another PP mechanism will be reviewed in 2022/23. Procurement process/plan is being enhanced to ensure early appointment of service provider/s to mitigate against late commencement of work
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.3 Enhanced oversight, law-making and accountability **Performance Indicator** Quarterly reports on House sittings and resolution tracking **Service Delivery** Annual target – 4 Actual performance – 4	4		
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.4 Improved tracking of implementation of resolutions and answers to questions **Performance Indicator** Quarterly progress reports on implementation of Committee Resolutions **Service Delivery** Annual target – 4 Actual performance – 4	4		
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.5 Improved oversight over departmental and committee planning. **Performance Indicator** Number of reports on the development and adoption of committee 2022/2023 AOPs and Committee Annual Operational Plans (CAOPs)	2		

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Service Delivery Annual – 2 Actual performance – 2			
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.6 Improved oversight over the implementation of the NDP/PGDP by provincial departments **Performance Indicator** No. of oversight reports on achievements in the implementation of NDP/PGDP (Electoral mandate) tabled in the House. **Service Delivery** Annual target – 2 Actual performance – 2	2	While the annual target of two reports was achieved, it is important to indicate that one of the targeted reports (i.e. the fourth quarter report) was not achieved. The reported performance is, however, registered as two (2) and not one (1) because an outstanding 2020/21 War-Room Functionality Programme report on the implementation of the NDP/PGDP was only tabled in the second quarter of 2021/22. It is this report that accounts for the reported annual performance. The reason for the missed report is that the fourth quarter School Functionality Programme report, which is one of the instruments used to monitor the implementation of the NDP/PGDP, took longer to compile than was expected. In previous years, this Functionality Programme required twelve (12) teams of Members of the Legislature to visit identified schools across the Province. Twelve (12) reports would be generated and consolidated into the one report that gets tabled in the House. This year, instead of twelve (12) teams, twenty four (24) teams were created.	The outstanding fourth quarter School Functionality Programme report has already been placed for tabling in the first quarter of 2022/23. Going forward, more Functionality Programmes are being restructured to monitor NDP/PGDP implementation. This means targeting against this indicator will be gradually increased from the current two (2) to four (4) or five (5) in the outer years.

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
		This therefore doubled the report consolidation workload and as such, the report could not be completed and tabled before the end of the financial year. The year therefore closed with an outstanding fourth quarter report against this indicator.	
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.7 Improved input by the committees into the departmental APPs and Budgets **Performance Indicator** No. of analysis reports on the consideration of 2022/23 departmental draft APPs and Budgets tabled at committee meetings **Service Delivery** Annual target – 15 Actual performance – 14	15	The target appears to have been missed by one because the analysis reports on Vote 10 (Arts & Culture) and Vote 15 (Sport & Recreation) were consolidated into one report. This was done because these two Votes are being amalgamated into one Vote, otherwise the objective was met.	This indicator will be amended in the outer years to align with the restructuring of the number of Votes in the Province.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.8 Improved oversight over the departments' performance against their APPs and budgets **Performance Indicator** No. of analysis reports on departmental quarterly and annual reports **Service Delivery** Annual target – 60 Actual performance - 39	60	The scaling down of Legislature activities in the third quarter to cater for the 2021 Local Government Elections and the tight fourth quarter Legislature programme meant some Committees could not get meeting slots to process the outstanding reports.	The affected Committees took advantage of the Budget Hearings sessions between March and May 2022 to process the outstanding reports. These will be reported on in the first quarter of 2022/23.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.9 Improved oversight over financial management and performance of departments and public entities **Performance Indicator** No. of reports on Finance Committee hearings conducted **Service Delivery** Annual target – 3 Actual performance – 3	3		

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Provide an efficiency and research – driven oversight			
Output (Measurable Objective) 2.10 Improved oversight over departments and public entities in respect of the attainment of clean audit reports **Performance Indicator** No. of reports on Scopa hearings conducted **Service Delivery** Annual target – 2 Actual performance – 2	2	The annual target of two reports was achieved, however, the planned fourth quarter Scopa Hearing report was not achieved because the Hearings took longer than expected. This suggests that the annual reported performance should be one and not two. The reason why the reported performance is two (2) and not one (1) is because of an outstanding 2020/21 SCOPA Hearings report that only got tabled in the first quarter of 2021/22. This therefore means the year closed with an outstanding fourth quarter report against this indicator.	The missed fourth quarter report has already been set for tabling in the first Quarter of 2022/23.
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.11 Enhanced oversight through focused intervention studies (FIS) and oversight visits **Performance Indicator** Quarterly progress reports on FIS conducted and adoption of reports thereof. **Service Delivery** Annual target – 4 Actual performance – 4	4		
Strategic Objective: Provide an efficiency and research- driven oversight			
Output (Measurable Objective) 2.12 Enhanced oversight through focused intervention studies (FIS) and oversight visits **Performance Indicator** No. of quarterly reports on oversight visits conducted **Service Delivery** Annual target – 4 Actual performance – 4	4		

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Provide an efficiency and research – driven oversight			
Output (Measurable Objective) 2.13 Empowered Committees to perform oversight **Performance Indicator** No. of quarterly reports on study tours **Service Delivery** Annual target – 4 Actual performance – 4	4		While the reports were tabled as planned, only internal training sessions were held but no international travel took place mainly because of stringent Covid-19 protocols. Plans are underway for the empowerment travels to start in the 2022/23 financial year.
Strategic Objective: Provide an impact based and consultative law-making process			
Output (Measurable Objective) 2.14 Improved processing of bills and Standing Rules amendments **Performance Indicator** Quarterly reports on processing of bills and Standing Rules amendments **Service Delivery** Annual target – 4 Actual performance – 4	4		
Output (Measurable Objective) 2.15 Improved processing of bills and Standing Rules amendments **Performance Indicator** Number of assessment reports on the impact made by Provincial Laws. **Service Delivery** Annual target – 1 Actual performance – 0	1	The project was meant to be executed using internal resources, however, on developing the concept and methodology to be followed, it became clear that external assistance will be required. This strategic change in approach accounts for the reported underperformance. The concept paper/ methodology for conducting the assessment has, however, been developed. This is now a project that is provisionally set to be done in partnership with Chapter 9 & 10 institutions.	The project has been carried over to the 2022/23 financial year. Initial engagements with at least the Public Service Commission occurred at the strategy review session in March 2022 and will be concluded in the first Quarter of 2022/23. The actual assessment process should roll-out as from the second Quarter in time to table the report by the fourth Quarter of 2022/23.

Strategic Objective/ Output (Measurable Objective) / Performance Indicator	Annual Target	Challenges (Reason for Variance)	Service Delivery Improvements
Strategic Objective: Provide formidable and strategic partnerships with citizens, communities, and civil society organisations			
Output (Measurable Objective) 2.16 Enhanced Legislature visibility (in communities) through Constituency Offices			
Performance Indicator Bi-annual reports on the implementation of the initiatives aimed at enhancing public interaction with the Legislature through Constituency offices	2		
Service Delivery Annual target – 2 Actual performance – 2			

Ms N Naidoo: Secretary

PART 3:

ACCOUNTING OFFICERS REPORT

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1. FINANCIAL MANAGEMENT FRAMEWORK

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

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

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

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

1.1 Budgeting Process

The MTEF budget was prepared to ensure effective implementation of the priorities as contained in the 2020-2025 Strategic Plan and 2021/22 Annual Performance Plan (APP) of the KZN Legislature. The guideline document issued by the Provincial Treasury was used to facilitate the preparation of the MTEF budget submission. In addition, responsibility managers set priorities in terms of their respective Operational and Procurement plans, which are, in turn, costed to develop budget requests for the year under review. Therefore, budget requests and inputs from various units were used to inform the overall budget for the KZN Legislature.

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

1.2 Budget Allocation

The final budget for KwaZulu-Natal Legislature for 2021/22 was R627.8m after the budget cuts of R54.4m, made up as follows:

- Main appropriation of the Legislature was R627.8m in 2021/22, including the statutory Members' remuneration (direct charge) of R93.1m,

- During the 2021/22 mid-year budget adjustment the following amounts were re-appropriated to the legislature increasing the main appropriation from R627.8m to R730.6m an increase of R102.8m. The R102.9m is made up by following amounts:
    - R95.2m savings from 2020/21 financial year re-appropriated to the legislature in terms of FMPPLA provisions,

- R4.7m own revenue over-collection during 2020/21 financial year and
- R3.0m towards 2020/21 financial year wage settlement.

Table 4: Summary of expenditure analysis by programme

Description (R'000)	Budget	Actual	Available	% Spent
Administration	308 416	231 918	76 498	75.2%
Parliamentary Business	334 158	325 469	8 689	97.4%
Members Remuneration (Direct Charge)	88 062	89 003	-941	101.1%
Total	**730 636**	**646 390**	**84 246**	**88.5%**

Table 5: Summary of Expenditure Analysis by Economic Classification

Description (R'000)	Budget	Actual	Available	% Spent
Compensation of Employees	277 682	264 547	13 135	95.3%
Goods and Services	214 600	168 082	46 518	78.3%
Members Remuneration	88 062	89 003	-941	101.1%
Transfer and subsidies	120 047	119 888	159	99.9%
Payments for Capital Assets	30 245	4 870	25 375	16.1%
Total	**730 636**	**646 390**	**84 246**	**88.5%**

1.3 Expenditure Analysis

In exercising its constitutional obligations, the KZN Legislature spent a total of R646.4m or 88.5% of its final budget in the financial year under review. The major cost drivers for goods and services were as follows:

i. Public participation programmes and taking Legislature to the People, which cover wide and remote rural areas of the KwaZulu-Natal province,

ii. Standing and Portfolio Committee meetings and related costs, and

iii. Operational costs such as IT services, maintenance, and repairs, rent and municipal services, security services and cleaning services.

1.4 Expenditure vs Final Appropriation

The Legislature 2021/22 Annual Financial Statements (AFS) were reported on an accrual basis in line with the Financial Management of Parliament and Legislatures Act, 2009 (Act No. 10 of 2009). In the above tables, the year-end position is reflected on a cash basis. Accordingly, Tables 4 and 5 above reflect a comparison of the actual expenditure against the final budget with an under-expenditure of R84.2m equating to 11.5% of the total allocated budget.

Spending in respect of economic classification is summarised as follows:

i. Compensation of employees was underspent by R13.1m, with spending at 95.3%. The spending was lower mainly due to additional allocation for insourcing project to be finalised during the second quarter of 2022/23 financial year,

ii. Goods and services were underspent by R46.5m, with spending at 78.3% against final appropriation mainly due to planned infrastructural projects handled by Public Works, IT projects, security upgrade project and insourcing project to be finalised during the first second of 2022/23 financial year,

iii. Members' remuneration was overspent by R0.9m, with spending at 101.1%. The spending was higher than budget due to gratuity payments made to two former Members. Provincial Treasury has confirmed that the legislature will be refunded for gratuity paid to the two former Members,

iv. Transfers and subsidies expenditure was at 99.9% against final appropriation and

v. Payments for capital assets was R25.4m underspent due reduced demand for the replacement of motor vehicles and office furniture attributed to employees working from home and pending ERP replacement.

1.5 Political Parties Funding

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

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

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

A total amount of R119.56m was transferred to political parties. Details of transfers to parties as at the end of the year are reflected in Table 6 below:

Table 6: Party Funding from the Legislature

Allowance (R'000)	ANC	IFP	DA	EFF	NFP	MF	ACDP	ATM	Total
Research	5 944	2 228	1 486	1 486	742	742	742	742	**14 112**
Secretarial	5 475	2 054	1 368	1 368	684	684	684	684	**13 001**
Constituency	50 844	15 022	12 710	9 244	1 156	1 156	1 156	1 156	**92 444**
Total	**62 263**	**19 304**	**15 564**	**12 098**	**2 582**	**2 582**	**2 582**	**2 582**	**119 557**

1.6 Covid-19 Expenditure

As at year-end the Legislature spent R0.184m towards procurement of personal protective equipment for Staff and Members of the Legislature.

1.7 Enhanced Financial Management

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

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

2. SUPPLY CHAIN MANAGEMENT PRACTICES

Since the promulgation of Supply Chain Management regulations applicable to the Legislative Sector, the KZN Legislature has continued to review its SCM policies/procedures to ensure alignment and coherence in supply chain management practices in keeping with the ethos of the regulations. The KZN Legislature remains committed to the broader achievement of socio-economic goals through applicable procurement prescripts.

2.1 Asset Management

The KZN Legislature maintained its Asset Management Turnaround Strategy/Plan developed in 2020/21 aimed at improving the audit outcomes. The strategy/plan was also aimed at ensuring GRAP compliance and included, but not limited to, ensuring that all assets within the Legislature are physically verified through asset count exercises and the clearing of any disposal backlogs that could have accumulated. The outcome of physical count is reconciled to accounting records to ensure completeness and accuracy. The review of useful lives and valuation of assets is done to ensure compliance with the relevant standards.

3. CONSTRAINTS

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

4. GOOD GOVERNANCE

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

4.1 Standing Committee on Oversight (Stacov)

Over the year under review, Stacov did its best to ensure oversight over the Legislature during this difficult time. It is, amongst others, through this Committee that the philosophy of ethical leadership is enforced to provide a strong foundation for sound ethical values, which are central to the way business of the Legislature is conducted. The table 7 below indicates the number of times that Stacov met to review the Legislature's pursuit of its financial and non-financial performance objectives.

Table 7: Number of Meetings held by Stacov

1st Quarter (Apr-Jun 2021)	2nd Quarter (Jul – Sep 2021)	3rd Quarter (Oct – Dec 2021)	4th Quarter (Jan – Mar 2022)
11 May 2021	11 August 2021	18 Nov 2021	16 March 2022
		24 Nov 2021	
		09 Dec 2021	

4.2 Audit and Risk Committee

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

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

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

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

4.3 Internal Audit

The out-sourced internal audit function of the KZN Legislature is made up of an in-house Chief Audit Executive (CAE) and a panel of 5 outsourced service providers who have continued to operate in line with the approved terms of reference and associated service level agreement. Internal audits are performed on critical risk areas as reflected in the approved internal audit three-year rolling plan and annual plan to determine the adequacy of the system of internal control within the organisation. The results of internal audit reviews are regularly reported to management, Exco, the Risk Management Committee and the Audit and Risk Committee. Follow-ups were also made on the implementation of IA and AG findings by management. The year 2021/22 has seen a marked improvement in this regard as well as an overall improvement in SCM processes. The internal audit function provided objective and independent assurance to management and the Audit and Risk Committee on the adequacy and effectiveness of internal controls, risk management and governance processes.

4.4 Fraud Prevention Plan

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

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

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

5. PERFORMANCE INFORMATION

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

i. Reporting templates/formats;
ii. Reporting dates/times;
iii. Roles of each line function/division manager;
iv. The coordination and checking responsibilities of branch heads;
v. The facilitation and collation of planning and performance information functions of the Organisational Performance & Efficiency Unit;
vi. The discussion of the quarterly reports at Executive Committee (ExCo) meetings, and
vii. The approval of reports by the Secretary and submission of such to the Office of the Speaker.

To ensure that performance reporting is based on targets stated in the Legislature's APP, Unit Operational

Plans (uAOPs) are developed at unit level while Committee AOPs are developed at Committee level with the support of Committee Cluster Managers. Monthly/Quarterly reports are submitted to the Organisational Performance Unit in terms of the applicable prescripts.

6. POLICY DECISIONS AND STRATEGIC ISSUES

While Covid-19 remains a potential threat from an occupational health point of view, the lockdown protocols have been significantly lowered. This now enables the Legislature to return to full scale operations. There is however a risk of increased expenditure against the current state of budget cuts and economic challenges facing the country and province. In terms of its digitisation agenda, the Legislature will seek to maximise utilisation of digital platforms to sustain savings and improve institutional efficiencies The ICT, Communications and Public Participation strategies have come into the centre stage of Legislature activities and as such reprioritization in these areas remains on the cards. The House Rules continued to be adapted and reviewed to accommodate virtual and hybrid meetings.

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

6.1 Procurement of Office Accommodation for the Legislature

The need to build a new precinct for the Legislature has been on the cards since the fourth term of the Legislature. The project has been on abeyance due to financial constraints. During the year under review, the MEC for Public Works continued to engage with the Legislature and Treasury in pursuit of an amicable implementation approach and funding for this dream to come true. This is a long-term project whose progress will be annually reported on accordingly.

6.2 Performance Management and Development System (PMDs)

While the approved Performance Management and Development System (PMDS) policy was workshopped as part of preparing for the final roll-out for all employees of the Legislature, the incentives matter has remained unresolved. This left the policy being implemented only at management level and deliberations remain underway.

6.3 Public involvement Sector Parliaments

Sector Parliaments

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

i. Religious communities (Inter-faith)
ii. Taking Legislature to the People
iii. Youth Parliament
iv. Women Parliament
v. People with disabilities Parliament
vi. Senior citizens
vii. Stakeholder engagement (Participants were drawn from secondary schools across the Province).

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

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

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

Table 8 indicates where and when symposia, sector parliaments, Taking Legislature to the People and the Official Opening of the Legislature were held.

Table 8

Event	Venue	Dates
Inter-Faith Symposium	Harry Gwala District	30/04/2021
Workers' Parliament	King Cetshwayo District	27-28/05/2021
Youth Parliament	UMgungundlovu District	18/06/2021
Women's Parliament	UMgungundlovu District	09-10/08/2021
Senior Citizens' Parliament	Zululand District	29-30/08/2021
Taking Legislature to the People (TLtP)	uMkhanyakude District	14-15/09/2021
Children's Parliament	UMgungundlovu District	01/06/2021
LGBTIQA+ Symposium	UMgungundlovu District	09/04/2021
Sex Work Symposium	UMgungundlovu District	04/06/2021
People with Disabilities' Parliament	King Cetshwayo District	01-03/12/2021
Official Opening of the Legislature	UMgungundlovu District	25/02/2022
State of the Province Address		26/02/2022

Public Involvement and Consultation

In terms of Section 118 of the Constitution of the Republic of South Africa, Act No. 108 of 1996 as amended, public consultations/hearings were conducted as part of the process of processing of bills by the Legislature. Table 9 below indicates bills that were processed in 2021/22.

Table 9

FIRST QUARTER	Appropriation Bill, 2021
	KZN Elimination and Prevention of Re-emergence of Slums amendment Bill, 2021
	KZN Authorization of Unauthorised expenditure Bill, 2021
SECOND QUARTER	N/A
THIRD QUARTER	KZN Adjustments Appropriation Bill, 2021
FOURTH QUARTER	KZN 2nd Adjustments Appropriation Bill, 2022
	KZN Authorization of Unauthorised expenditure Bill, 2022

Taking Legislature to the People (TLtP)

The Legislature successfully held one TLtP, that was held in uMkhanyakude District on 14-15 September 2021. This Programme is used as a means of monitoring the implementation of NDP/PGDP and was further tweaked to save costs and improve effectiveness. The revised approach to the TLtP is now focussed on providing feedback to communities on issues raised during earlier TLtP sittings and the multiparty visits. The amended approach follows the following process:

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

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

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

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

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

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

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

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

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

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

i. Each oversight team leader will table the report;

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

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

Speaker's Social Responsibility Programme (SSR)

The Speaker's Social Responsibility Programme has not wavered from making interventions in communities, especially in schools, farms and community-based formations. In the past financial year, at least 770 complete sets of school uniforms were distributed to a total of thirteen (13) schools in six Districts (eThekwini Metro; uMgungundlovu; uGu; Zululand; uMkhanyakude and Harry Gwala) within the Province.

While the Speaker's Social Responsibility Programme will continue donating to identified needs, the 2022/23 financial year will focus on: -

i. installing boreholes in care facilities (homes) especially in Districts experiencing water crisis.

ii. assisting informal traders.

iii. back to school campaign targeting at least 10 schools as well as making follow-up visits to those schools that received laptops to check effectiveness.

A further 15 laptops, computer desks and chairs were distributed as well as installed a network booster at Mabomvini Combined School. Amongst other things donated were wheelchairs for the disabled, Fridges; Beds; Stove; Furniture; Groceries; Electricity units.

As part of the Workers Month activities, the programme had an outreach function to appreciate Covid-19 pandemic frontline workers particularly healthcare workers at Ladysmith Provincial Hospital.

7. SERVICES RENDERED BY THE LEGISLATURE

7.1 Deliverables

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

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

7.2 Tariff Policy

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

7.3 Free Services

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

8. TRADING AND PUBLIC ENTITIES

The Legislature does not have trading and or public entities.

9. APPLICATION OF GRAP

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

10. EVENTS AFTER THE REPORTING DATE

The Premier of KwaZulu-Natal determined salaries of members of the Provincial Legislature on 5 July 2022 with effect from 1 April 2021. This resulted in increase in expenditure, remuneration of members of the Legislature, by R2.539 million and increase in liabilities, employees and members benefits obligation, by same amount.

11. OTHER

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

12. DONOR FUNDING

Not applicable

13. APPROVAL

The AFS set out in Part 7 on pages 62 to 91 and the Annual Performance Report in Part 2 on pages 23 to 32 of this annual report were approved by the Accounting Officer

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MS NERUSHA NAIDOO
ACCOUNTING OFFICER: KWAZULU-NATAL LEGISLATURE

PART 4:

REPORT OF THE AUDIT & RISK COMMITTEE

REPORT OF THE AUDIT AND RISK COMMITTEE
For the year ended 31 March 2022

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

We are pleased to present our Audit and Risk Committee (ARC) report for the financial year ended 31 March 2022.

OBJECTIVE

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

ATTENDANCE AND MEMBERSHIP

The Audit and Risk Committee consisted of the members listed below. All members are independent and non-executive. In the 2021/22 financial year the Committee held four (4) meetings in line with the Audit and Risk Committee Charter. The table below shows members and attendance:

NAMES	Total Meetings Held	Number of meetings attended
Mr. S Hlophe – Chairperson	4	4
Mrs. A Badimo	4	4
Ms. P Ngubane	4	4
Mrs NZ Qunta	4	4

AUDIT AND RISK COMMITTEE RESPONSIBILITY

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

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

REVIEW OF ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Audit and Risk Committee has reviewed the Annual Financial Statements and Annual Performance Report before submission to the Auditor General on 31 May 2022 and made recommendations. The Committee further reviewed the audited Annual Financial Statements and Performance Report for inclusion in the Annual Report.

We are pleased with the clean audit outcome that has been maintained for two years in a row and commend management on the strengthening of the internal control environment. We are particularly pleased with the improvement in the SCM and Asset Management areas which have attracted no findings during the annual audit.

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

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

THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

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

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

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

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

The Audit and Risk Committee approved the internal audit strategic, operational, and annual coverage plans at the beginning of the 2021/2022 financial year. The Internal Audit Annual Coverage Plan was comprehensively implemented and consulting work emanating from top management and audit committee resolutions was also completed.

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

RISK MANAGEMENT

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

ICT GOVERNANCE

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

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

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

CONCLUSION

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

Mr Silas Hlophe
Chairperson of the Audit and Risk Committee
KZN Legislature

PART 5:

REPORT OF THE AUDITOR-GENERAL

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Legislature set out on pages 62 to 91, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Legislature as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No.10 of 2009) (FMPPLA).

Basis for opinion

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

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

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

Emphasis of matter

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

Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts and in note 32 to the financial statements, the Legislature materially underspent its budget by an amount of R84,25 million on both the administration as well as the parliamentary business programmes. This was mainly due to the delays in the planned infrastructural upgrades and funds allocated for the insourcing of certain projects that were not utilised during the period.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA 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.

9. 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

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. 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.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2: parliamentary business as presented on pages 23 to 32, in the Legislature's annual performance report for the year ended 31 March 2022.

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

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

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. The annual performance report on pages 23 to 32 sets out information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

19. 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.

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

Other information

21. 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 the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

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

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

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

Internal control deficiencies

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

Auditor-General

Pietermaritzburg
28 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

PART 6:

HUMAN CAPITAL MANAGEMENT REPORT

Table 10: Total Personnel expenditure by Programme

Programme	Total Budget (R'000)	Expenditure (R'000)	Expenditure as a % of personnel budget by programme	Training Expenditure (R'000)	Average cost per employee (R'000)
Support Services	140 893	130 824	93%	478	1 222
Core Services	136 789	129 890	95%	503	1 261
Total:	**277 682**	**260 713**	**94%**	**981**	**1 241**

Table 11: Personnel costs by salary band

Salary Band	Personnel Expenditure (R' 000)	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee (R'000)
A1 - A3	0	0%	0	0
B1 - B5	11 088	4%	22	504
C1 - C5	163 702	63%	144	1 137
D1 - D5	77 972	30%	41	1 902
E1 - E4	7 951	3%	3	2 650
Total:	**260 713**	**100%**	**210**	**1 241**

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

Programme	Basic Salary		Overtime		Homeowners Allowance		Medical Aid	
	Amount – R'000	Basic as a % of Personnel Costs	Amount – R'000	Overtime as a % of Personnel Costs	Amount – R'000	Homeowner Allowance as a % of Personnel Costs	Amount – R'000	Medical aid as a % of Personnel Costs
Support Services	82 629	63%	163	0.00	7 332	5.6%	6 671	5.1%
Core Service	84 867	65%	96	0.00	6 536	5.0%	6 011	4.6%
Total :	**167 496**	**64%**	**259**	**0,0%**	**13 868**	**6,0%**	**12 682**	**5,2%**

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

Salary Bands	Basic Salary		Overtime		Homeowners Allowance		Medical Aid	
	Amount – R'000	Basic as a % of personnel costs	Amount – R'000	Overtime as % of personnel cost	Amount – R'000	Home Owners Allowance as a % of personnel costs	Amount – R'000	Medical Aid as a % of personnel costs
A1 - A3	0	0%	0	0%	0	0%	0	0%
B1 - B5	6 998	63%	10	0%	859	8%	708	6%
C1 - C5	112 085	68%	249	0%	10 129	6%	8 789	5%
D1 - D5	43 917	56%	0	0%	2 681	3%	3 022	4%
E1 - E4	4 496	57%	0	0%	198	2%	162	2%
	167 496	**64%**	**259**	**0%**	**13 868**	**5%**	**12 682**	**5%**

Table 14: Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Staff	294	210	28.6%	-
Total:	**294**	**210**	28.6%	-

Table 15: Employment and vacancies by salary band

Salary Band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
A1 - A3	0	0	0%	-
B1 - B5	31	19	38,7%	-
C1 - C5	202	147	27.2%	-
D1 - D5	57	41	28.01%	-
E1 - E4	4	3	25%	-
Total:	**294**	**210**	**28.6%**	**-**

Table 16: Employment and vacancies by critical occupations

Directorate	Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
1. Office of the Secretary	Secretary of the Legislature	1	1	0%	-
2. Financial Governance	Executive Manager : Financial Services	1	1	0%	-
3. Office of the Chief Operations Officer	Executive Manager : Parliamentary Services	1	1	0%	-
5. Research and Committees	Researchers, Economic and Content Analysts	25	20	20%	-
	Committee Cluster Manager	5	4	20%	-
	Committee Coordinator	21	20	5%	-
	Senior Managers	2	2	0%	-
6. Legal Services	Senior Legal Advisor	8	5	37.5%	-
	Senior Manager Legal Services	1	1	0%	-
7. Public Participation	Senior Manager: Public Participation	1	1	0%	-
	Public Participation Officer	4	2	50%	-
	Senior Public Participation Facilitator	5	5	0%	-
8. Legislative Operations	Manager : Procedural Services	1	0	100%	-
	Procedural Officer	1	1	0%	-
	Senior Manager Legislative Operations	1	1	0%	-
9. Hansard & Language Services	Control Editor	2	2	0%	-
	Manager Hansard & Language	2	2	0%	-
	Senior Language Practitioner	8	4	50%	-
	Transcriber	6	4	33,3%	-
	Total:	**96**	**77**	**19,8%**	**-**

Table 17: Job Evaluation by Salary band

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

NB: No posts were subjected to a job evaluation process in the year under review.

Table 18: Staff Turnover rates by salary band

Salary Band	Number of employees at the beginning of period	Appointments	Terminations	Turnover rate
A1 - A3	0	0	0	0,0%
B1 - B5	16	6	3	5,8%
C1 - C5	149	3	5	4,9%
D1 - D5	40	1	-	0,01%
E1 - E4	3	-	0	0,0%
Total:	**208**	**10**	**8**	**9,9%**

Table 19: Annual turnover rates by critical occupation

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

Table 20: Reasons why employees left the Legislature

Termination Type	Number	% Of Employees Who Left Employment
Dismissal	-	0%
Expiry of Contract	2	25%
Resignation	1	12,5%
Death	3	37,5%
Retirement	2	25%
Operational Req.	0	0%
Total:	**8**	**100%**

Table 21: Promotions by salary band

Salary Band	Employees as at beginning of the period	% Days promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
A1 - A3	0	0%	0%	0	0%
B1 - B5	16	0%	0%	0	0%
C1 - C5	149	0%	0%	0	0%
D1 - D5	40	0%	0%	0	0%
E1 - E4	3	0%	0%	0	0%
Total:	**208**	**0%**	**0%**	**0**	**0%**

PART 7:

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

General Information

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

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Index

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

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Accounting Officer's Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

The annual financial statements set out on page 65 to 91, which have been prepared on the going concern basis, were approved and signed by the Secretary on behalf of the Legislature.

Ms. N. Naidoo
Secretary: KwaZulu-Natal Legislature

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

	Note(s)	2022 '000	2021 Restated* '000
Assets			
Current Assets			
Cash and cash equivalents	3	90 164	139 443
Receivables from exchange transactions	4	3 865	1 889
Receivables from non-exchange transactions	5	467	212
Inventories	6	557	580
		95 053	**142 124**
Non-Current Assets			
Property, plant and equipment	7	21 537	32 805
Intangible assets	8	5 459	6 067
		26 996	**38 872**
Total Assets		**122 049**	**180 996**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	9 485	19 246
Payables from non-exchange transactions	10	-	39 592
Employees and members benefits obligation	11	25 117	25 922
Finance lease obligation	12	1 516	1 515
Operating lease liability		240	87
		36 358	**86 362**
Non-Current Liabilities			
Employees and members benefits obligation	11	1 670	1 744
Finance lease obligation	12	604	447
		2 274	**2 191**
Total Liabilities		**38 632**	**88 553**
Net Assets		**83 417**	**92 443**
Accumulated surplus		83 417	92 443
Total Net Assets		**83 417**	**92 443**

* See Note 25

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

	Note(s)	2022 '000	2021 Restated* '000
Revenue			
Revenue from exchange transactions			
Interest received - bank		4 460	2 931
Gain on disposal of assets		192	-
Other income		240	77
Total revenue from exchange transactions		**4 892**	**3 008**
Revenue from non-exchange transactions			
Transfer revenue			
Annual appropriation	13	541 714	555 441
Statutory appropriation	14	88 062	87 381
Service received in-kind: use of office building	23	12 957	12 150
Transfer from Political Parties' Fund		-	248
Other revenue			
Unknown deposits prescribed		268	-
Total revenue from non-exchange transactions		**643 001**	**655 220**
Total revenue		**647 893**	**658 228**
Expenditure			
Remuneration of employees	15	(260 713)	(263 441)
Remuneration of members of the legislature	16	(91 448)	(87 424)
Transfers and subsidies	17	(119 560)	(114 233)
Travel and accommodation	18	(32 535)	(17 421)
Public events	19	(20 163)	(8 200)
Depreciation and amortisation	20	(17 468)	(18 230)
Operating lease and rentals	21	(16 085)	(17 638)
General expenses	22	(98 833)	(100 056)
Loss on disposal of assets		-	(2 415)
Debt Impairment		(114)	(4)
Total expenditure		**(656 919)**	**(629 062)**
(Deficit) surplus for the year		**(9 026)**	**29 166**

* See Note 25

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

	Accumulated surplus / deficit '000	Total net assets '000
Opening balance as previously reported	64 473	64 473
Adjustments		
Correction of errors (see note 25)	(1 196)	(1 196)
Balance at 01 April 2020 as restated*	**63 277**	**63 277**
Changes in net assets		
Surplus for the period as previously reported	29 294	29 294
Correction of errors (see note 25)	(128)	(128)
Revised surplus for the year	29 166	29 166
Restated* Balance at 01 April 2021	**92 443**	**92 443**
Changes in net assets		
Deficit for the year	(9 026)	(9 026)
Total changes	(9 026)	(9 026)
Balance at 31 March 2022	**83 417**	**83 417**

* See Note 25

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

	Note(s)	2022 '000	2021 Restated* '000
Cash flows from operating activities			
Receipts			
Appropriation received		629 776	683 102
Interest income		4 460	2 931
Other receipts		75	77
Transfer from the Political Parties' Fund		-	235
		634 311	686 345
Payments			
Employee costs		(264 136)	(263 168)
Remuneration of members of the legislature		(88 908)	(87 424)
Payment to suppliers		(205 745)	(120 899)
Transfers and subsidies		(119 560)	(114 233)
		(678 349)	(585 724)
Net cash flows from operating activities	24	**(44 038)**	**100 621**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3 007)	(2 198)
Proceeds from sale of property, plant and equipment		1 850	-
Purchase of other intangible assets	8	(2 039)	(2 447)
Net cash flows from investing activities		**(3 196)**	**(4 645)**
Cash flows from financing activities			
Finance lease payments		(2 045)	(1 855)
Net increase/(decrease) in cash and cash equivalents		**(49 279)**	**94 121**
Cash and cash equivalents at the beginning of the year		139 443	45 322
Cash and cash equivalents at the end of the year	3	**90 164**	**139 443**

* See Note 25

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Last published budget '000	Adjustments (virements/shifts) '000	Final Budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000	Notes
Budget and actual information presented by programme						
Administration	308 416	-	**308 416**	(231 918)	**76 498**	32
Parliamentary business	334 158	-	**334 158**	(325 469)	**8 689**	32
Direct charge on Provincial Revenue Fund (compensation of members)	88 062	-	**88 062**	(89 003)	**(941)**	32
	730 636	**-**	**730 636**	**(646 390)**	**84 246**	
Budget and actual information presented by economic classification						
Compensation of employees	277 682	-	**277 682**	(264 547)	**13 135**	32
Goods and services	214 600	5 000	**219 600**	(168 082)	**51 518**	32
Transfers/subsidies to Provinces and Municipalities	49	(33)	**16**	(14)	**2**	
Transfers/subsidies to foreign governments and international	284	33	**317**	(317)	**-**	
Transfers/subsidies to private enterprises	36	-	**36**	-	**36**	
Transfers/subsidies to non-profit institutions	119 560	-	**119 560**	(119 557)	**3**	
Transfers/subsidies to households	118	-	**118**	-	**118**	
Payments for capital assets: machinery and equipment	6 379	-	**6 379**	(2 753)	**3 626**	32
Payments for capital assets: software and other intangible assets	23 866	(5 000)	**18 866**	(2 117)	**16 749**	32
Direct charge on Provincial Revenue Fund	88 062	-	**88 062**	(89 003)	**(941)**	32
	730 636	**-**	**730 636**	**(646 390)**	**84 246**	
Reconciliation of budget to cash flow						
Surplus						
Surplus per budget statement				84 246		
Basis difference						
Own revenue collections not included in the budget				5 767		
Other				151		
Actual amount in the cash flow statement				**90 164**		

KwaZulu-Natal 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 GRAP, issued by the Accounting Standards Board in accordance with section 56(1) of the FMPPLA.

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Legislature and rounded off to the nearest thousand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Legislature will continue to operate as a going concern for at least the next 12 months. This is because the operations of the Legislature are funded from appropriations from provincial revenue fund, therefore there is no doubt regarding the funding of the future operations of the entity and the ability to realise its assets and settle its liabilities.

1.3 Significant judgements and sources of estimation uncertainty

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

Allowance for doubtful debts

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

Useful lives of property, plant, equipment and intangible assets

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

1.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the Legislature; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

Item	Depreciation method	Useful life (years)
Furniture and fixtures	Straight line	3 - 19
Motor vehicles	Straight line	5 - 12
Office equipment	Straight line	3 - 19
Computer equipment	Straight line	2 - 18
Audio visual equipment	Straight line	2 - 19
Security equipment	Straight line	3 - 18
Leased assets	Straight line	2
Kitchen equipment	Straight line	3 - 19

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

The Legislature assesses at each reporting date whether there is any indication that the Legislature expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the 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.

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

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

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an Legislature and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Legislature intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Legislature or from other rights and obligations.

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

Intangible assets are recognised at cost.

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

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

Item	Useful life (years)
Computer software	8 - 11

1.6 Financial instruments

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

A financial asset is:

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

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

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

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

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

Classification

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

Class	Category
Cash	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost

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

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

Initial recognition

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

The Legislature recognises financial assets using trade date accounting.

Accounting Policies

1.6 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The Legislature measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at amortised cost.

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

Gains and losses

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

Impairment and un-collectability of financial assets

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

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

The Legislature derecognises financial assets using trade date accounting.

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

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

Financial liabilities

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

Presentation

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

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

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Financial instruments (continued)

Composition and description of receivables

Receivables from non-exchange transactions

Recoveries

These debtors are recovery of losses suffered by the Legislature.

Receivables from exchange transactions

Prepayments to suppliers

Goods services paid for in advance based on contractual arrangements.

Government debtors

Receivables from other organs of state.

Staff and members debtors

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

1.7 Leases

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

Finance leases - lessee

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

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

Operating leases - lessee

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

1.8 Inventories

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

Inventories are initially measured at cost.

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

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

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

Expenses are recognised when the goods are distributed.

1.9 Impairment of non-cash-generating assets

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

Accounting Policies

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

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

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

Identification

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

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

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

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

Measurement

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

Interest on positive bank balances

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

1.11 Revenue from non-exchange transactions

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

Appropriated funds

Annual appropriation

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

Statutory appropriation

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

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Services in-kind

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

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

Transfer from Political Parties' Fund

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

1.12 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave); and
- service bonus.

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

The Legislature recognises the expected cost of service bonus when the Legislature has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Legislature has no realistic alternative but to make the payments.

Long service award

The Legislature provides leave and monetary award to employees who have completed 10 and 20 years of service. The award is as follows:
- five leave days for 10 years of service; or
- seven leave days and R10 899 for 20 years of service.

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

Contribution to defined contribution plan

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

1.13 Transfers and subsidies

Transfers and subsidies represent allowances to represented political parties. Amounts paid are determined in line with the requirements of the policies for allowances to the political parties.

KwaZulu-Natal Legislature

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Accounting Policies

1.14 Contingent assets and liabilities

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

A contingent liability is:

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

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

1.15 Comparative figures

Comparative figures have been restated where applicable.

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

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

1.18 Budget information

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

The approved budget covers the fiscal period from 1 April 2021 to 31 March 2022.

The budget is for the Legislature only.

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

1.19 Related party transactions

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

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

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

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

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

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.19 Statutory receivables (continued)

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

1.20 Events after reporting date

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

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

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

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

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000

2. New standards and interpretations

2.1 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:

Standard:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 on Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 25 on Employee Benefits	Not determined	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2022	2021
Cash on hand	5	5
Bank balances	90 159	139 438
	90 164	**139 443**

The Legislature had the following bank balances

Account number / description	Bank statement balances 31 March 2022	31 March 2021	31 March 2020
Standard Bank business current account (252681797)	2 466	4 205	29 237
Standard Bank retail deposit account (358479355001)	87 693	135 233	17 290
Total	**90 159**	**139 438**	**46 527**

4. Receivables from exchange transactions

	2022	2021
Prepayments to suppliers	3 149	1 381
Government debtors	640	196
Staff and members debtors	76	307
Other receivables	-	5
	3 865	**1 889**

Financial assets included in receivables from exchange transaction

	2022	2021
Government debtors	640	196
Staff and members debtors	76	307
	-	5
	716	**508**

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

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

Financial assets that are past due but not impaired

At 31 March 2022,R716 (2021:R508) were past due but not impaired.

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

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2022 '000	2021 '000

4. Receivables from exchange transactions (continued)

	2022	2021
2 months past due	444	-
3 months past due	272	508
	716	**508**

5. Receivables from non-exchange transactions

	2022	2021
Recoveries	1 947	1 692
Other receivables	1	1
Allowance for irrecoverable debts	(1 481)	(1 481)
	467	**212**

6. Inventories

	2022	2021
Consumable stores	557	580
Inventories recognised as an expense during the year	3 621	3 414

7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
IT equipment	30 932	(24 923)	6 009	30 574	(18 987)	11 587
Audio visual equipment	18 182	(12 743)	5 439	18 089	(9 776)	8 313
Motor vehicles	7 837	(5 104)	2 733	11 040	(6 951)	4 089
Security equipment	15 724	(13 316)	2 408	15 578	(12 430)	3 148
Furniture and fixtures	11 216	(9 018)	2 198	11 742	(8 822)	2 920
Leased assets: cell phones	3 776	(1 670)	2 106	4 005	(2 132)	1 873
Kitchen equipment	2 336	(1 819)	517	2 331	(1 558)	773
Office equipment	455	(328)	127	375	(273)	102
Total	**90 458**	**(68 921)**	**21 537**	**93 734**	**(60 929)**	**32 805**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
IT equipment	11 587	800	(125)	(6 253)	6 009
Audio visual equipment	8 313	138	(22)	(2 990)	5 439
Motor vehicles	4 089	1 321	(1 327)	(1 350)	2 733
Security equipment	3 148	157	-	(897)	2 408
Furniture and fixtures	2 920	504	(184)	(1 042)	2 198
Leased assets: cell phones	1 873	2 203	-	(1 970)	2 106
Office equipment	102	82	-	(57)	127
Kitchen equipment	773	5	-	(261)	517
	32 805	**5 210**	**(1 658)**	**(14 820)**	**21 537**

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2022 '000	2021 '000

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Closing balance
IT equipment	18 410	1 318	(1 466)	(6 675)	11 587
Audio visual equipment	11 394	391	(42)	(3 430)	8 313
Motor vehicles	5 517	-	-	(1 428)	4 089
Security equipment	4 144	12	(86)	(922)	3 148
Furniture and fixtures	3 871	477	(290)	(1 138)	2 920
Leased assets: cell phones	2 244	1 663	(446)	(1 588)	1 873
Office equipment	272	-	(52)	(118)	102
Kitchen equipment	1 425	-	(38)	(614)	773
	47 277	**3 861**	**(2 420)**	**(15 913)**	**32 805**

Other information

Expenditure incurred to repair and maintain property, plant and equipment: contracted services	2022	2021
IT equipment	145	142
Audio visual equipment	554	426
	699	**568**

Contractual commitments for the acquisition of property, plant and equipment	2022	2021
Office Equipment	-	31
Furniture	-	36
IT Equipment	187	21
	187	**88**

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	28 111	(22 652)	5 459	26 072	(20 005)	6 067

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Other changes, movements	Amortisation	Closing balance
Computer software	6 067	2 039	-	(2 647)	5 459

Reconciliation of intangible assets - 2021

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

KwaZulu-Natal Legislature
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Notes to the Annual Financial Statements

	2022 '000	2021 '000

9. Payables from exchange transactions

	2022 '000	2021 '000
Trade payables	9 485	19 246

Comparative figures have been restated. Refer to note 25.

10. Payables from non-exchange transactions

	2022 '000	2021 '000
Annual appropriation payable	-	30 000
Statutory appropriation payable	-	9 324
Unallocated receipts	-	268
	-	**39 592**

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

11. Employees and members benefits obligations

2022

	Current	Non-current	Total
Service bonus	6 124	-	6 124
Leave pay	16 060	-	16 060
Long service award	394	1 670	2 064
Salaries and other allowances	2 539	-	2 539
	25 117	**1 670**	**26 787**

2021

	Current	Non-current	Total
Service bonus	6 215	-	6 215
Leave pay	18 693	-	18 693
Long service award	485	1 744	2 229
Salaries and other allowances	529	-	529
	25 922	**1 744**	**27 666**

Reconciliation of the obligation- 2022

	Opening balance	Additions	Settlement/reduction	Closing balance
Service bonus	6 215	13 846	(13 937)	6 124
Leave pay	18 693	9 786	(12 419)	16 060
Long service award	2 229	-	(165)	2 064
Salaries and other allowances	529	2 539	(529)	2 539
	27 666	**26 171**	**(27 050)**	**26 787**

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000

11. Employees and members benefits obligations (continued)

Reconciliation of the obligation- 2021

	Opening balance	Additions	Settlement/reduction	Closing balance
Service bonus	5 498	13 534	(12 817)	6 215
Leave pay	6 859	24 159	(12 325)	18 693
Long service award	1 848	381	-	2 229
Salaries payable (implementation of job evaluation)	12 659	-	(12 659)	-
Salaries and other allowances	211	318	-	529
	27 075	**38 392**	**(37 801)**	**27 666**

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

Net expense recognised in the statement of financial performance

	2022	2021
Current service cost	256	238
Interest cost	203	154
Actuarial (gains) losses	(623)	(11)
	(164)	**381**

Key assumptions used

	2022	2021
Discount rates used	10.19 %	10.24 %
General earnings inflation rate (long-term)	7.03 %	6.87 %
Net effective discount rate	2.95 %	3.15 %
CPI inflation rate (long-term)	5.53 %	5.37 %
Net-of-CPI-inflation discount rate	5.53 %	5.37 %

Contribution to defined contribution plan

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

	2022	2021
Government Employees' Pension Fund	21 472	20 915
Public Office Bearers' Pension Fund	11 720	12 430
	33 192	**33 345**

12. Finance lease obligation

	2022	2021
Present value of minimum lease payments due		
- within one year	1 516	1 515
- in second to fifth year inclusive	604	447
	2 120	**1 962**

	2022	2021
Current liabilities	1 516	1 515
Non-current liabilities	604	447
	2 120	**1 962**

The Legislature leases cellphones under finance leases. The lease term was 2 years.

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000

13. Annual appropriation

	2022 '000	2021 '000
Annual appropriation	541 714	555 441

14. Statutory appropriation

	2022 '000	2021 '000
Statutory appropriation (members remuneration)	88 062	87 381

15. Employee related costs

	2022 '000	2021 '000
Basic	167 496	163 205
Social contributions	34 585	33 063
Leave pay	9 787	23 481
Overtime payments	259	436
Service bonus	13 845	13 572
Housing allowance	13 868	13 523
Other allowances (car allowance and others)	20 873	15 779
Long service award	-	382
	260 713	**263 441**

Comparative figures have been restated. Refer to note 25.

Remuneration of the Accounting Officer (Ms N. Naidoo)

	2022 '000	2021 '000
Basic salary	1 753	1 727
Car allowance	450	443
Service bonus	146	144
Housing allowance	66	65
Leave encashment	156	163
Secretary's allowance	264	263
Employer contributions to unemployment insurance, medical and pension funds	230	226
	3 065	**3 031**

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

	2022 '000	2021 '000
Basic salary	1 371	1 351
Car allowance	419	412
Service bonus	114	113
Housing allowance	66	65
Leave encashment	108	105
Employer contributions to unemployment insurance, medical and pension fund	263	256
	2 341	**2 302**

Remuneration of Executive Manager: Parliamentary Services (Mr. ZN. Memela)

	2022 '000	2021 '000
Basic salary	1 371	1 351
Car allowance	419	412
Service bonus	114	113
Housing allowance	66	65
Leave encashment	119	127
Employer contributions to unemployment insurance, medical and pension fund	260	268
	2 349	**2 336**

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2022 '000	2021 '000

16. Remuneration of members of the Legislature

Basic salary	52 089	50 694
Non-pensionable salary	35 039	33 996
Tools of trade allowances	2 582	2 734
Loss of office gratuity	1 738	-
	91 448	**87 424**

Remuneration of the Executive Authority and her deputy

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

Basic salary	1 223	1 187
Non-pensionable salary	815	791
	2 038	**1 978**

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

Basic salary	989	320
Non-pensionable salary	659	213
	1 648	**533**

17. Transfers and subsidies

Constituency allowance to political parties	92 442	55 010
Secretariat and research assistance to political parties	27 118	19 223
Transfer to Political Parties' Fund	-	40 000
	119 560	**114 233**

The Political Parties' Fund was disestablished in previous year. The increase in constituency, secretariat and research allowances were due to revision of policies dealing with those allowances.

18. Travel and accommodation

Accommodation and flights	15 006	6 195
Reimbursed road travel expenses	15 331	10 054
Incidental and daily allowances	2 198	1 172
	32 535	**17 421**

Increase in travel and accommodation costs is due to increase in physical events after relaxation of lock down restrictions.

19. Public events

Hire of venues and facilities	7 171	2 354
Hire of equipment and other services	11 301	4 264
Catering	1 691	1 582
	20 163	**8 200**

Increase in public events costs is due to increase in physical events after relaxation of lock down restrictions.

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000

20. Depreciation and amortisation

Property, plant and equipment	14 820	15 840
Intangible assets	2 648	2 390
	17 468	**18 230**

21. Operating lease rentals

Operating lease and rentals	3 128	5 488
Consumption of service received in-kind: rental	12 957	12 150
	16 085	**17 638**

Comparative figures have been restated. Refer to note 25.

22. General expenses

Repairs and maintenance	13 660	30 904
Advertising	18 475	11 036
Consulting and professional fees	12 437	13 933
Internet and data expenses	11 986	5 816
Security	6 569	6 152
Telephone and fax	5 824	4 737
Auditors remuneration	4 953	3 907
Catering	4 109	1 114
Cleaning	2 822	2 512
Consumables	3 621	3 414
Fleet	1 808	1 278
Promotions and sponsorships	1 177	264
Printing and stationery	772	811
Donations	3 306	2 851
COVID-19 protective expenditure	184	4 512
Transport and freight	13	59
Training	981	275
Electricity	2 910	2 816
Subscriptions and membership fees	757	1 478
Water	364	457
Refuse	170	196
Bursaries	93	290
Bank charges	86	94
Other expenses	1 756	1 150
	98 833	**100 056**

23. Services received in-kind

KwaZulu-Natal Legislature occupies three buildings from Department of Public Works at no fee, estimated rental for year is R12 957 million (2021: R12 150 million). Furthermore, KwaZulu-Natal Legislature received protection services from South African Police Services at nominal fee.

24. Net cash flows from operating activities

(Deficit)/surplus	(9 026)	29 166
Adjustments for:		
Depreciation and amortisation	17 468	18 230
Loss/(gain) on sale of assets and liabilities	(192)	2 420
Non-cash items included in deficit	(117)	-
Increase in debt impairment	114	4
Movements in operating lease accrual	153	222

KwaZulu-Natal Legislature
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Notes to the Annual Financial Statements

	2022 '000	2021 '000
24. Net cash flows from operating activities (continued)		
Movements in employee benefit obligation	(878)	273
Stock counting differences	-	-
Changes in working capital:		
Inventories	23	(65)
Receivables from non-exchange transactions	(255)	16
Receivables from exchange transactions	(1 976)	1 989
Payables from exchange transactions	(9 760)	12 468
Payables from non-exchange transactions	(39 592)	35 898
	(44 038)	**100 621**

25. Prior period adjustments

Prior period errors identified during the year were corrected. The correction results in adjustments as follows:

Statement of financial position	Notes	Balance previously reported	Correction of errors	Restated balance
Payables from exchange transactions	9	(18 451)	(795)	(19 246)
Employee benefit obligations: current	11	(25 393)	(529)	(25 922)
Net assets		(93 767)	1 324	(92 443)
		(137 611)	**-**	**(137 611)**

Statement of financial performance		Total previously reported	Correction of errors	Restated total
Operating lease and rentals	21	17 510	128	17 638
Surplus for the period		29 294	(128)	29 166
		46 804	**-**	**46 804**

Cash flow statement		Total previously reported	Correction of errors	Restated total
Purchase of property, plant and equipment		(3 861)	1 663	(2 198)
Finance lease payments		(192)	(1 663)	(1 855)
		(4 053)	**-**	**(4 053)**

Disclosures		Disclosure previously reported	Correction of errors	Restated disclosure
Related parties- amounts payable: KwaZulu-Natal Department of Public Works	28	(4 212)	(2 925)	(7 137)
Irregular expenditure	31	2 601	(1 667)	934
		(1 611)	**(4 592)**	**(6 203)**

- Invoices relating to rental of properties were not recorded and accrual of outstanding invoices for protection services were subsequently found to have been overstated. This correction resulted in net increase in payables from exchange transaction and increase in operating lease and rentals.
- Gratuity payable to members of the Legislature for loss of office was confirmed late and acting allowances due to certain employees were negotiated and confirmed late. This resulted in increase in employee and members benefits obligations.
- Payments relating to finance leased cellphones were incorrectly presented under investing activities as purchase of property, plant and equipment. These have since been moved to financing activities as finance lease payments.

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2022 '000	2021 '000

25. Prior period adjustments (continued)

- A disclosure of related party balance was not complete due to invoice which was not included in the disclosed balance.
- A review of irregular expenditure conducted during the year revealed that some expenditure was incorrectly recorded as irregular.

26. Operating lease commitments

Minimum lease payments due		
- within one year	3 857	2 699
- in second to fifth year inclusive	3 277	4 353
	7 134	**7 052**

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

27. Contingencies

Contingent liabilities

Labour dispute: leave credits	-	151
Labour dispute: job grading	24 638	22 590
Disputed supplier accounts	1 440	1 440
Claim for damages	127	127
	26 205	**24 308**

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

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

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

Contingent assets

Claim against other organ of state	306	300
Claims against employees/members for travel expenses	24	-
	330	**300**

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

28. Related parties

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

Related party transactions, balances and commitments

KwaZulu-Natal Political Parties' Fund		
Annual appropriation	-	40 000
Transfer of funds on disestablishment of the fund	-	(223)

KwaZulu-Natal Legislature

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Notes to the Annual Financial Statements

	2022 '000	2021 '000

28. Related parties (continued)

	2022 '000	2021 '000
KwaZulu-Natal Treasury/Revenue Fund		
Annual and statutory appropriation	(629 776)	(653 102)
Appropriation receivable/(payable)	-	(9 324)
KwaZulu-Natal Department of Transport		
Motor vehicle purchases/expenses	1 340	21
KwaZulu-Natal Department of Public Works		
Property expenses	11 374	21 556
Amounts payable	-	(7 137)
Services received in-kind (rental)	(12 957)	(12 150)
Consumption of services received in-kind(rental)	12 957	12 150
KwaZulu-Natal Department of Health		
Medical services	70	-
Recovery of other expenses	-	93
KwaZulu-Natal Office of the Premier		
Shared expenses recovered	(700)	(515)
Shared expenses receivable	640	196

Remuneration of executive authority and management is disclosed in note 16 and 15 respectively.

29. Financial instruments risk management

Financial risk management

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

Liquidity risk

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

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

	2022 '000	2021 '000
Composition of financial liabilities		
Payables from exchange transactions	9 484	18 568
Finance lease obligation	2 120	1 962
Employee benefits obligation	26 787	27 666
	38 391	**48 196**
Maturity		
Due in 1 to 3 months	9 484	18 568
Due later than 3 months	28 907	29 628
	38 391	**48 196**

Credit risk

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

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

KwaZulu-Natal Legislature
Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

	2022 '000	2021 '000

29. Financial instruments risk management (continued)

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

Financial instrument	2022	2021
Cash and cash equivalents	90 164	139 443
Receivables	716	508

30. Fruitless and wasteful expenditure

	2022	2021
Opening balance	39	31
Add: Fruitless and wasteful expenditure identified - current	17	8
Closing balance	**56**	**39**

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Penalty for late cancellation of accommodation	Under investigation	17	8

31. Irregular expenditure

	2022	2021
Opening balance as previously reported	2 601	8 980
Correction of prior period error	(1 667)	-
Opening balance	**934**	**8 980**
Add: Irregular expenditure incurred	-	49
Less: Amount condoned	(49)	(6 428)
Closing balance	**885**	**2 601**

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

	Disciplinary steps taken/criminal proceedings		
Goods/services procured on month to month or expired contracts	Condoned after disciplinary processes	-	49

32. Budget differences

Material differences between published and final budget by economic classification

Shift between goods and services and payments for capital assets: software and other intangible assets

The budget was allocated under payments for capital assets: software and other intangibles, however due to the expenditure not meeting the criteria to be classified as capital assets, the expenditure was allocated under goods and services: computer services. The shifting of funds was therefore intended to allocate the budget where the expenditure was incurred, the original purpose of the funds was not affected by the shift.

Material differences between budget and actual amounts by programme

Administration

The underspending was mainly due to the planned infrastructural projects that were delayed and funds allocated for the insourcing project that were not utilised during the period.

KwaZulu-Natal Legislature

Annual Financial Statements for the year ended 31 March 2022

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	2022 '000	2021 '000

32. Budget differences (continued)

Parliamentary business

The underspending was due to the savings realised from operating under the new normal, where Legislature business was conducted virtually and hybrid model being adopted in other instances, resulting in savings on catering, venue hire, and travel related costs.

Direct charge (members' remuneration)

The overspending is attributed to the gratuity payments to former members, processed during the period under review. The budget only catered for salaries. Provincial treasury is to attend to refunding the Legislature.

Material differences between budgeted and actual amounts by economic classification

Compensation of employees

The underspending was mainly due to additional funds allocated to cater for insourcing of internal auditors and cleaners, and vacant funded posts not filled as at year end.

Goods and services

The underspending was mainly due to planned infrastructural projects that were delayed.

Payments for capital assets: machinery and equipment

The underspending was due to reduced demand for office furniture attributed to staff mostly working from home and delayed replacement of motor vehicles.

Payments for capital assets: software and other intangible assets

The underspending was due to unsatisfactory response to advertised tenders, resulting in the advertised tenders being cancelled with the view to re-advertise.

33. Events after the reporting date

The Premier of KwaZulu-Natal determined salaries of members of the Provincial Legislature on 5 July 2022 with effect from 1 April 2021. This resulted in increase in expenditure, remuneration of members of the Legislature, by R2.539 million and increase in liabilities, employees and members benefits obligation, by same amount.


IEC

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