



Free State Legislature

ANNUAL REPORT

2022/23

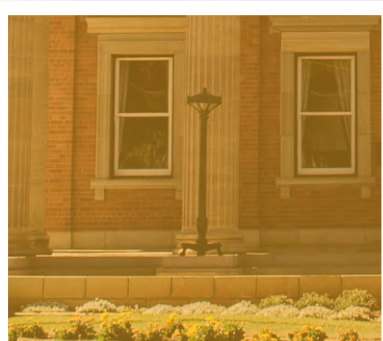
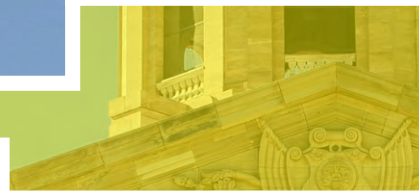
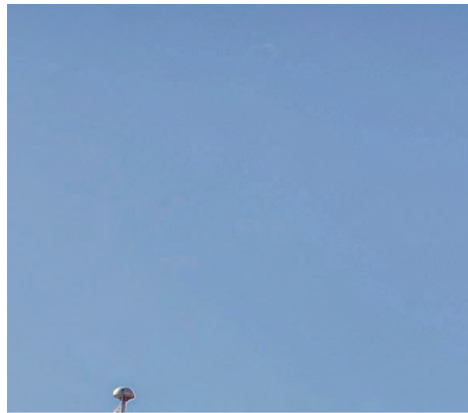
AN ACTIVIST LEGISLATURE THAT CHAMPIONS DEMOCRACY



FREE STATE LEGISLATURE ANNUAL REPORT

VOTE 2

FOR THE YEAR ENDING
31 MARCH 2023



FREE STATE LEGISLATURE ANNUAL REPORT 2022/23





Hon. NB Sifuba

Speaker of the
Free State Legislature

I have the honour of submitting
the Annual Report of the Free State
Legislature for the period 1 April
2022 to 31 March 2023.

Mr. MJ Machaka
Secretary to the Legislature

31 May 2023



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HON. N.B SIFUBA
SPEAKER



DEPUTY SPEAKER



CHAIRPERSON OF CHAIRPERSONS
OF COMMITTEES & CHAIRPERSON
OF FINANCE & PUBLIC ACCOUNTS

MEMBERS OF THE LEGISLATURE

2023/2024



HON. M.A DUKWANA

PREMIER

EXECUTIVE COUNCIL



HON. K.M MAKUME
MEC: COOPERATIVE
GOVERNANCE & TRADITIONAL
AFFAIRS ; HUMAN SETTLEMENTS



HON. T.Z MOKOENA
MEC: AGRICULTURE &
RURAL DEVELOPMENT



HON. M.J LETSOHA-MATHAE
MEC: COMMUNITY SAFETY,
ROADS & TRANSPORT



HON. T.P MEEKO
MEC: ECONOMIC, SMALL
BUSINESS DEVELOPMENT, TOURISM
& ENVIRONMENTAL AFFAIRS



HON. M.P MAKALO
MEC: EDUCATION



HON. G. BROWN
MEC: FINANCE



HON. N.S LEETO
MEC: HEALTH



HON. K.D MAHLATSI
MEC: PUBLIC WORKS
& INFRASTRUCTURE



HON. M.A KOLOI
MEC: SOCIAL
DEVELOPMENT



HON. L.P MAHASA
MEC: SPORT, ARTS,
CULTURE & RECREATION



HON. M.S MOLELEKI
CHIEFWHIP & CHAIRPERSON
INFRASTRUCTURE DEVELOPMENT
HON. D.E JANSE
VAN VUUREN



HON. M.S MASHININI
CHAIRPERSON COOPERATIVE
GOVERNANCE



HON. S.T NXANGISA
CHAIRPERSON ECONOMIC
DEVELOPMENT



HON. M TSUI
CHAIRPERSON EDUCATION,
HEALTH & SOCIAL SERVICES



HON. V.W TSHABALALA
CHAIRPERSON
PETITIONS



HON. R JANKIELSOHN
LEADER OF THE
OFFICIAL OPPOSITION (DA)



HON. D.E JANSE
VAN VUUREN
DEMOCRATIC ALLIANCE (DA)



HON. M. PITTAWAY
DEMOCRATIC ALLIANCE (DA)



HON. M.J MOKOENA
DEMOCRATIC ALLIANCE (DA)



HON. L.M KLEYNHANS
DEMOCRATIC ALLIANCE (DA)



HON. L.J LETUKA
DEMOCRATIC ALLIANCE (DA)



HON. A.B CLOETE
FREEDOM FRONT (FF+)



HON. M.I LIPHOKO
ECONOMIC FREEDOM
FIGHTERS (EFF)



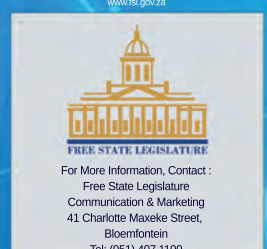
HON. M.J MSIMANGA
ECONOMIC FREEDOM
FIGHTERS (EFF)



HON. M.A TSHABALALA
ECONOMIC FREEDOM
FIGHTERS (EFF)



HON. L.J NANYANE
ECONOMIC FREEDOM
FIGHTERS (EFF)



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PART A



GENERAL INFORMATION



Free State Provincial Legislature

Annual Report 2022-23

PR 107/2023



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2. LIST OF ABBREVIATIONS/ACRONYMS

AO	Accounting Officer
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
CFO	Chief Financial Officer
DORA	Division of Revenue Act
EA	Executive Authority
HR	Human Resources
PFMA	Public Finance Management Act (Act 29 of 1999)
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act (Act 10 of 2009)
NCOP	National Council of Provinces
SCOPA	Standing Committee on Public Accounts and Finance
TAC	Tablings, Announcemnet and Committees (Programme of the Legislature)



FOREWORD BY THE SPEAKER

We are delighted to present the 2022/2023 financial year Integrated Annual Report of the Free State Legislature (FSL) to the people of the Free State, our stakeholders and partners. The report provides a detailed account of the work we have completed during the year under review, and it reflects the commitment of the Members of the Provincial Legislature (MPLs) and the entire staff component of the FSL to be the true champions of our hard-earned democracy. The 2022/23 Financial Year of the Free State Legislature (FSL) continued under the devastating aftermath of COVID-19 pandemic. It is in this context that I submit the integrated Annual Report, which includes the Audited Financial Statements for the financial year ended 31 March 2023, as required by our governing legislation.

The report is presented during a period when South African society is engaging in various conversations on the democratic gains made by our country since 1994, and how that has translated into socio-economic development and improved quality of life for the people. These conversations are further ignited by the fact that the country will be celebrating 30 years of democracy and freedom in 2024, and therefore it is important to measure the change in the quality of life that has resulted from the ushering in of the democratic dispensation. At the centre of these conversations is the ability of the Legislatures in holding the Executive to account and creating space for people to be involved in governance.



Our performance in the year under review continued to be guided by our Constitutional Mandate of conducting Oversight on the Executive and other Provincial Organs of the State through different mechanisms

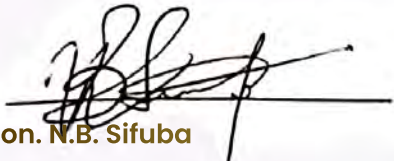


This annual report indicates that more has been done to open up democratic space for public participation, and yet much more must still need to be done to make people's involvement meaningful.

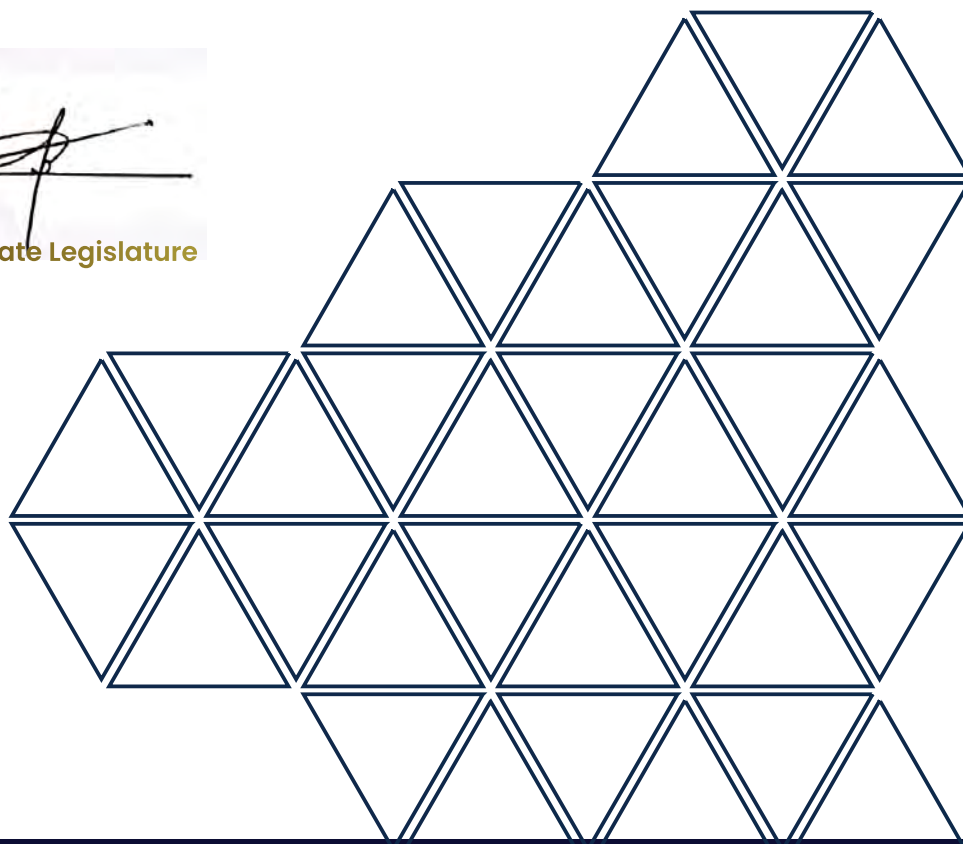
Our Public Participation and Education work continues to improve, and our Portfolio Committees are taking up issues of public interest by bringing them into the arena of Policy Making and legislative debates. Our example here is the creation of the Committee on Petitions as a permanent committee. This committee is handling issues related to Service Delivery as raised by either individual or collective members of our communities in the province.

Our performance in the year under review continued to be guided by our Constitutional Mandate of conducting Oversight on the Executive and other Provincial Organs of the State through different mechanisms. In line with our customised Sector Oversight Model, our Portfolio Committees have managed to conduct an effective and efficient oversight. It is indeed my pleasure to indicate that in the period under review, all Sector Oversight Model (SOM) imperatives in support of committee work were achieved. The 2022/2023 Annual Report points out that the FSL is achieving its commitment to support the constitutional mandate of MPLs through an integrated support service provided via the administration services of the FSL to Members as individuals and in their respective Committees.

Our intergovernmental relations work continues to improve every year. In 2022/2023, the FSL made great strides towards establishing relations with Speakers from the Municipalities in the Free State. We are in process of signing a Memorandum of Understanding and also developing a five-year strategic plan with the objective of deepening democracy and accountability in the province. As this work increases, more of our municipal councils must establish mechanisms that will capacitate them to hold Mayors accountable for service delivery whilst creating more public involvement opportunities in local government matters. We are committed to working with and for the people of the Free State in relation to creating a better life for all and ensuring that the Free State is a better place to live.



Hon. N.B. Sifuba
Speaker: Free State Legislature



4. **Report of the Accounting Officer**

The Report by the Accounting Officer to the Executive Authority, the Speaker of the Legislature, and to the Free State Legislature for the Annual Financial Statements for the financial year ending 31 March 2023 provides an overview of the performance and challenges of the Free State Legislature during the year under review.

4.1 **Overview of the operations of the Legislature**

The tabling of this Report comes at a time when the province is emerging from the negative effects of the Covid-19 pandemic and the continued challenges of load-shedding, which affects the operations of the Legislature negatively. These led the Sector to consider changing its normal way of carrying out its operations, in that, it had to introduce policies and procedures in an endeavour to remain productive and efficient.

The significant improvements in the manner at which the Legislature conducts Sectoral parliaments through meaningful engagement with our communities, added value to our public participation & education programmes. Sectoral parliaments and other activities afford communities a platform to participate in the parliamentary business of the province in accordance with the Constitution of the Republic of South Africa, 1996; the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009); and other legislative instruments ensured an increased level of financial accountability and improved performance information as guided by the recommendations of governance structures.

4.2. **Overview of the financial results of the Legislature**

The constitutional mandate of the Legislature is to perform oversight over the Executive, to make laws and to facilitate public involvement in its activities. The 2022-23 marks the fourth year of the Sixth Term. The Strategic Plan for the Sixth Term encapsulates the vision of an activist Legislature that champions democracy by translating it into an effective strategy and operational practices. Overall, an achievement of 87.5% was obtained against the Legislature's performance indicators.

Financial reporting on the report of the Accounting Officer, report of Performance Information will be in accordance with modified cash reporting. The Legislature's Vote still forms part of the Provincial Government's budget process of the Free State, whereby appropriated funds are determined on a modified cash basis. Due to this fact, the Legislature still must report through its in-year reports and ultimately to support the Provincial Government of the Free State in its role to present a consolidated set of statements. The financial reporting however, in terms of the Financial Management of Parliament and Provincial Legislatures, 2009 (Act 10 of 2009), will be in accordance with General Recognised Accounting Principles (GRAP), with specific reference to financial information captured on Part E of this Annual Report. The Sixth Legislature made progress to provide an enabling environment for effective and efficient services rendered. Voted funds of R301,179 million were appropriated and the Legislature recorded a 96% spending. The financial position of the Legislature can therefore be reported as sound.

4.2.1. Programme Expenditure

2021-22				2022-23		
Programme name	Final Appropriation	Actual Expenditure	(Over) Under Expenditure	Final Appropriation	Actual Expenditure	(Over) Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	159,700	155,237	4,463	169,625	157,183	12,442
Facilities and Benefits for Members & Political Parties	71,958	68,598	3,360	60,870	60,459	411
Parliamentary Services	41,405	40,972	433	46,151	45,414	737
Statutory – Members Remuneration	27,111	25,783	1,328	24,533	25,954	(1,421)
Total	300,174	290,590	9,584	301,179	289,010	12,169

4.2.2 Virements/ roll overs

No virements to be reported upon.

4.2.3 Discontinued activities

No activities can be reported as discontinued.

4.2.4 New or proposed activities

Activities were performed as per Legislature programme.

4.2.5 Supply Chain Management

The high vacancy rate as well as capacity constraints do have a negative bearing on the SCM operations.

4.2.6 Gifts and donations received in kind from non-related parties

No gifts were received.

4.2.7 Exemptions and deviations received from the National Treasury

None recorded.

4.2.8 Events after the reporting date

The country has just emerged out of Covid-19 pandemic but currently facing high levels electricity blackouts which negatively impact on productivity and the roll out of legislature programmes and performance, and further details regarding subsequent events will be reported under the accounting policies in Section E. The disclosure did however not materially influence the state of financial affairs for the reported period.

4.2.9 Other

The Fourth Raadsaal is used for convening of the sittings of the Free State Legislature, therefore all related party transactions paid in-kind refer to the use of the Fourth Raadsaal. The Department of Public Works and Infrastructure is responsible for the maintenance of the Fourth Raadsaal, while the South African Police Services does provide protection services at the National Key Point, Fourth Raadsaal.

No material fact or circumstances which may have an effect on the understanding of the financial state of affairs can be reported upon. I wish to place on record my appreciation towards the Speaker and Deputy Speaker, Members of the Legislature as well as Management and Staff who constructively supported the Institution throughout the reported period.

Approval

The annual financial statements set out on page 95 to 159 have been approved.



MJ Machaka, Mr

Secretary to the Legislature

4.3 Statement of responsibility and confirmation of the accuracy of the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The Annual Financial Statements have been prepared in accordance with the general recognised accrual principles (GRAP) standard and the relevant frameworks and guidelines issued by the National Treasury.

I am responsible for the preparation of the annual financial statements and for the findings made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Legislature for the financial year ended 31 March 2022.

Yours faithfully



MJ Machaka, Mr

Secretary to the Legislature

31 May 2023

4.4. Strategic Overview

4.4.1. Vision

An activist Legislature that Champions Democracy

4.4.2. Mission

A modern institution of democracy that promotes good governance and a culture of human rights through public participation, law-making and oversight that is vigilant, dynamic, proactive and responsive.

4.4.3. Values

The work of the Free State Legislature is conducted on a platform of a formalised set of values. The values are the set of beliefs that guide the management of the Legislature. It is the foundation of policies that provide guidance in the implementation of services and projects.

- Integrity (honesty)
- Accountability (responsibility)
- Loyalty (commitment)
- Respect for diversity
- Openness and transparency
- Fairness
- Empowering
- Innovation (creativity)

4.5. Legislative and other mandates

4.5.1. Constitutional mandate

Section 10 (1) of the Constitution of the Republic of South Africa, 1996, provides that: “The legislative authority of a province is vested in its provincial legislature. Section 114(1) and (2) of the Constitution provide further for the powers of a Provincial Legislature to include; (a) the consideration, passing, amendment or rejection of bills; (b) to initiate or prepare legislation, except money bills; (c) to ensure that all provincial executive organs of state in the province are accountable to it and (d) to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation and any provincial organ of state.

Section 118 (1) and (2) of the Constitution requires the Legislature to:

Facilitate public involvement in the legislative and other processes of the legislature and its committees;

Conduct its business in an open manner, and hold its sittings, and those of its committees, in public, but reasonable measures may be taken:

- i) To regulate public access, including access of the media, to the legislature and its committees; and
- ii) To provide for the searching of any person and, where appropriate, the refusal of entry to, or the removal of, any person.

Subsection 118(2) provides that a provincial legislature may not exclude the public, including the media, from a sitting of a committee unless it is reasonable and justifiable to do so in an open and democratic society.

4.5.2. Legislative and other Mandates

In addition to its constitutional mandate and obligations, the general and specific powers of the Legislature are set out in Rules 135 to 136 of the Standing Rules and Orders.

The key legislative framework relating to the establishment and composition of the Legislature as well as matters relating to elected representatives and political parties and matters incidental thereto of which the Legislature is directly responsible for implementing and managing are-

The Financial Management of Parliament and Provincial Legislatures Act, 2009

- Independent Commission for the Remuneration of Public Office Bearers Act, 1998
- Remuneration of Public Office Bearers Act, 2000
- National Council of Provinces (Permanent Delegates Vacancies Act), 1997
- Determination of Delegates Act, 1998
- Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004;
- Powers, Privileges and Immunities of the Free State Provincial Legislature Act, 2009
- Mandating Procedures of Provinces Act, 2008
- Free State Petitions Act, 2008
- Labour Relations Act, 1995 • Basic Conditions of Employment Act, 1997 • Human Rights Commission Act, 1994
- Income Tax Act, 1962
- Legal Deposit Act, 1997
- Pan South African Language Board Act, 1995
- Promotion of Access to Information Act, 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2002
- Public Finance Management Act, 1999
- Public Protector Act, 1994
- Skills Development Act, 1998
- Value Added Tax Act, 1999
- Electoral Act, 1998
- Promotion of Administrative Justice Act, 2000
- Preferential Procurement Framework Act, 2000
- Protected Disclosures Act, 2000

- Intergovernmental Relations Framework Act, 2005
- Local Government: Municipal Finance Management Act, 2003
- Financial and Fiscal Commission Act, 1997
- Occupational Health and Safety Act, 1993
- Compensation for Occupational Injuries and Diseases Act, 1993
- Employment Equity Act, 1998
- Unemployment Insurance Act, 2001
- Unemployment Insurance Contributions Act, 2002
- National Key Points Act, 1980
- Free State Provincial Archives Act, 1999.

4.5.3 Policy mandates

The Legislature has developed a range of policies pertaining to elected representatives, political parties, staff and various institutional practices in order to guide and regulate the daily implementation of services and projects.

In respect of such policies, the review highlighted the need to ensure that existing shortcomings and weaknesses are identified and that key legislation and good governance frameworks, such as King reports on governance and good business practices, are incorporated into the existing policy framework.

The provincial growth and development strategy and the strategies developed by the Executive are the key points of departure that define the priorities for the province. Within this framework, the Legislature has to engage with and identify whether there are any gaps or whether enabling policy is required to support the achievement of provincial goals. The Legislature also has to prioritise how it will meaningfully perform oversight to ensure delivery against the stated strategies. In this regard, it must intelligently assign its resources and tactically form partnerships with civil society

4.5.4. Executive Authority

Section 3 (2) of FMPPLA states: “in such application, a reference in the Act to (c) the Speaker of the National Assembly or the Chairperson of the National Council of Provinces must be construed as a reference to the Speaker of the Provincial Legislature concerned.”

4.5.5 Elected Representatives

4.5.6 Political Parties

The Policy on Funding of Political Parties represented in the Free State Legislature that provides for office allocation and Constituency Allowance.

4.5.7 Administrative policies of the Legislature

4.5.8 **Legislation covering establishment and composition of Legislature as well as matters relating to elected representatives and political parties and matters incidental thereto**

4.5.9 Legislation covering financial and administrative management

4.5.10 **Organisational Structure**

The Presiding Officers of the Legislature:

The Speaker to the Legislature is Hon Sifuba, NB

The Deputy Speaker is Hon Mapena, LN

The Chair of Chairs is Hon Radebe, MJ

The Secretariat Officials:

The Secretary to the Legislature is Mr. Machaka, MJ

The post of Deputy Secretary is vacant

The Chief Financial Officer is Mr. Hugo, Q

4.7. POLITICAL LANDSCAPE OF THE FREE STATE LEGISLATURE

4.7.1. Political Parties represented in the Legislature

The seat allocation in the Legislature:

Political Party	No of Seats
African National Congress	19
Democratic Alliance	6
Economic Freedom Fighters	4
Freedom Front Plus	1

4.7.2. Determination of Whips to Political Parties

The Multi-party Whips' committee performs the functions and responsibilities assigned to it by the Standing Rules and Orders. Such functions and responsibilities relate to both administrative and procedural matters.

The Whips are also assigned specific functions by the respective political parties that may relate to Members' discipline, constituency offices and the administration of funds allocated to political parties in terms of the Policy on Funding of Political Parties in the Legislature.

The formula for the allocation of Whips to political parties were not reviewed or amended during the financial year under review.

The following Members served as Whips for their respective political parties as at 31 March 2023;

Chief Whip (ANC and Legislature):	Hon. TP Meeko
ANC Deputy Chief Whip:	Hon. MS Moleleki
DA	Hon. DE Janse van Vuuren
EFF	Hon. M Majake
FF+	Hon. AB Cloete

4.7.3. Official Opposition

The Democratic Alliance, holds 6 seats in the Legislature and is the Official Opposition

4.7.4. Remuneration of Elected Representatives

The remuneration of political representatives is determined by the Independent Commission on Remuneration that submits its recommendations annually to the President. Increase for the reported period, 2022-23 was effected, retrospectively to April

Public Representatives
ANNEXURE ONE

Member	Political Party	Portfolio
Hon NB Sifuba	ANC	Speaker
Hon LN Mapena	ANC	Deputy Speaker
	ANC	Chairperson of Committees
Hon ST Ngxangisa	ANC	Chief Whip
		Chairperson: Public Accounts and Finance
Hon S. Mashinini	ANC	Chairperson: Cooperative Governance, Traditional Affairs, Office of the Premier, Legislature and Police
	ANC	Chairperson: Education, Health and Social Development
Hon MS Moleleki	ANC	Chairperson: Public Works, Infrastructure, Roads, Transport and Human Settlement
	ANC	Chairperson: Agriculture & Rural Development, Small Business and Sports, Arts, Culture and Recreation
Hon MI Liphoko	EFF	Leader of a Minority Party
Hon	EFF	Whip
Hon MJ Msimanga	EFF	Member
Hon LJ Nanyane	EFF	Member
Hon R Jankielsohn	DA	Leader: Minority Party
Hon D van Vuuren	DA	Whip: Official Opposition
Hon M Pittaway	DA	Member
Hon LM Kleynhans	DA	Member
Hon LJ Letuka	DA	Member
Hon Mokoena	DA	Member
Hon A Cloete	FF	Leader: Minority Party

4.7.5. Permanent Delegates to the National Council of Provinces as at 31 March 2023

Hon L Moshodi	African National Congress
Hon SJ Mohai	African National Congress
Hon I. Ntsube	African National Congress
Hon G Michalakakis	Democratic Alliance
Hon M Moletsane	Economic Freedom Fighters
Hon A De Bruyn	Freedom Front Plus

4.7.6. Members of the Executive Council as at 31 March 2023

Member	Portfolio
Hon Ntombela SH	Premier
Hon Mohale, MP	MEC: Economic Development, Tourism and Environmental Affairs
Hon	MEC: Social Development
Hon	MEC: Education
Hon Brown,G	MEC: Treasury
Hon	MEC: Cooperate Governance, Traditional Affairs & Human Settlement
Hon Mahasa, L	MEC: Sport, Arts, Culture & Recreation
Hon	MEC: Agriculture & Rural Development
Hon	MEC: Police, Roads and Transport
Hon Koloi MA	MEC: Public Works
Hon	MEC: Health



PART A



PERFORMANCE INFORMATION

PERFORMANCE INFORMATION

LIST OF ABBREVIATIONS

APR	Annual Performance Report
APP	Annual Performance Plan
COVID 19	2019 Novel Coronavirus
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act
FSL	Free State Legislature
HR	Human Resources
HRD	Human Resource and Development
HRM	Human Resource Management
ICT	Information Communication Technology
IT	Information Technology
IYM	In-Year-Monitoring
MoU	Memorandum of Understanding
MPL	Members of Provincial Legislature
MTEF	Medium Term Expenditure Framework
NCOP	National Council of Provinces
NDP	National Development Plan
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PMS	Performance Management System
SALS	South African Legislative Sector
SCM	Supply Chain Management
SF	Speakers' Forum
SOP	Standard Operating Procedure
SWOT	Strengths, Weaknesses, Opportunities, Threats



PART B:
PERFORMANCE INFORMATION

5. Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
MCS	294,653	*301,179	12,169	10,625
Direct Charge *inclusive of Adjusted Appropriation and reported figure above		24,533	25,954	(1,421)
Executive Authority	Speaker			
Administering Entity	Free State Legislature			
Accounting Officer	Secretary to the Legislature			

5.1 Aim of Vote

- (a) For the procedural and administrative support services required by the Legislature to fulfil its constitutional functions, inter alia, the consideration of legislation, the performance of monitoring and oversight functions, ensuring accountability by the Executive Council as well as facilitating and enhancing public participation in the legislative processes.
- (b) The necessary and required facilities to the House, its Committees and Members and to enable political parties represented in the Legislature to secure administrative support services and to serve constituents
- (c) The Vote also provides for the remuneration of elected representatives and employees of the Legislature.

5.2 Service delivery environment

The Legislature has a constitutional mandate. The strategic plan for the period (2014 – 2024) is supported by the Annual

5.3 Organisational environment

The Speaker to the Legislature, Hon NB Sifuba is the Executive Authority. The Secretary to the Provincial Legislature, Mr J. M. Machaka is the Accounting Officer of the Legislature. The Legislature has 193 approved posts on its organizational structure and currently has 164 posts are filled.

5.4 Key policy developments and legislative changes

No legislative changes have been made. Financial regulations have been drafted, but not yet adopted.

5.5 Strategic Outcome Oriented Goals

Strategic outcome oriented goals of the institution

Strategic Goal 1	Ensure efficient strategic management in the FS Legislature
Goal Statement	To develop an effective and efficient institution through improvement of institutional governance and policies, implementation of modern systems and technologies, as well as the development of human resource.
Justification	Deepening parliamentary democracy, separation of powers and checks and balances is possible only with a competent administration built on skills and sound governance, policies and systems.
Links	Improvement of service delivery. Maximising efficiency and value for money. Customer satisfaction, responsiveness and all other Batho Pele principles.
Strategic Goal 2	Support to Public Representatives and Political Parties
Goal Statement	To create a conducive environment and increase the skills and provide resources to Members and Political Parties.
Justification	Members must be empowered to fulfil their responsibilities as such and political parties play an important role in the political representation.
Links	Building a dynamic and vibrant democracy. This will further strengthen engagement with constituents.
Strategic Goal 3	Conduct Oversight and ensure accountability over the provincial organs of state and municipalities
Goal Statement	Enhancement of the quality of oversight and accountability of the performance of provincial organs of state and the mechanisms for their accountability
Justification	Increasing the compliance of the Executive with the constitutional obligations of accountability and pursuing concrete results through the oversight process
Links	Accountability, openness and transparency are cardinal principles that permeate the constitution and underpin a society envisaged therein.
Strategic Goal 4	Facilitate public involvement in the legislative and other processes of the Legislature and its committees.
Goal Statement	Proactively Design public education programmes and mobilise public to participate in the processes of the Legislature transformation and nation-building.
Justification	The constitution demands of the Legislature to conduct its business openly and to ensure that the people are involved in its process. It is in the context of this goal that the legislature will seek to promote and protect the rights and freedoms of its citizens.
Links	This goal is linked to the broader national goal of deepening participatory democracy and contributing to building a dynamic and vibrant democracy in the country.
Strategic Goal 5	Providing Leadership and strategic management in the Free State Legislature
Goal Statement	Facilitate public involvement in the legislative and other processes of the Legislature and its committees.
Justification	Exercise constitutional legislative authority geared at positively impacting of socio-economic conditions of people and the attainment of basic human rights.
Links	The main service delivery challenges are essentially linked to the development and nurturing of the democratic processes and practices of a developmental society.

5.6 Performance Information – by Programme

The Annual Performance Plan forms the basis of reporting on performance. Quarterly reports have been produced to assess the Legislature's achievements and challenges. The following report is based on the Annual performance Plan 2022/2023 whereby the outcomes of quarterly assessments have been incorporated

5.7 Strategic objectives, performance indicators, planned targets and actual achievements

The performance plan of the Legislature listed 12 strategic objectives and 64 performance indicators, recorded an achievement rate of 93.75% on performance indicators.

Programmes	Number of performance indicators	Achieved	Not achieved	Comment
1. Institutional Leadership	41	38	3	Schedule and Legislature programme misalignment
2. Core Business	20	19	1	Delays in the Roll-out of the Microsoft 365 cloud-based computing which was to enable migration to digital platform resulted in non-achievement.
3. International Relations	1	1	0	
4. Members and Political Parties Support	2	2	0	
Total	64	60	4	

5.7.1 Programme 1: Institutional Leadership

- a) **Programme 1:** Administration provides for the core political and administrative management of the institution through the Office of the Speaker and the Office of the Secretary whilst also delivering a support service to other programmes in the budget vote through the Finance and Corporate Services divisions. It facilitates the legislative and oversight functions through the programmes of the Household- and Portfolio Committees and provides institutional support and corporate services.
- b) **The sub-programme structure comprises of the following:**
 - i) **The Office of the Speaker**
Includes all activities of the Office of the Presiding Officers, including the funding of programmes and activities of Household – and Portfolio Committees;
 - ii) **The Office of the Secretary to the Legislature**
Includes Strategic Management Directorate, the Internal Audit unit, Security Unit, Public Participation Directorate and lastly Communication and marketing Unit
 - iii) **The Finance Division** includes the
Financial Management Directorate and
Supply Chain Management Directorate
 - iv) **The Corporate Services**
Division includes Human Resources Management and Institutional Support Directorate

5.8 Performance by Programme

5.8.1 Programme Performance

The evaluation of performance, is based on the number of performance indicators which have been achieved or not (fractions permitted).

Programme 1: Institutional Leadership recorded overall achievement of its listed performance indicators.

Subprogramme	Number of performance indicators	Achieved	Not achieved	Comment
Office of the Speaker	4	3	1	Misalignment of the programme resulted in non-achievement.
Office of the Secretary	13	12	1	Misalignment of the programme resulted in non-achievement.
Finance	12	12	-	-
Corporate Services	12	11	1	Stagnation at the level of the BargainingcounChamber held back progress for approvals.
Total	41	38	3	-

5.8.2 Office of the Speaker

Direct support services are rendered to ensure that the Office is able to meet its objectives and requirements. These include political, administrative and operational matters. The sub-programme also provides for the activities of Household – and Portfolio Committees to ensure that both institutional governance priorities as well as key responsibilities for oversight and accountability are addressed. Facilitation and interaction with the Executive Council and local government are also accommodated in the office.

Sub-programme name	2021/22			2022/23		
	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Speaker	21,446	20,108	4,077	23,734	18,246	5,488

Programme 1: Institutional Leadership					
Sub-program : Office of the Speaker					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
To provide Executive leadership in the Legislature	Strengthened divisional strategic and financial management functions	Monitor macro-political and administrative direction and systems to the business of the Legislature through Quarterly and one divisional performance reports, quarterly expenditure to be submitted	4 Quarterly reports Compiled	No deviation	None
Monitor macro-political and administrative direction and systems to the business of the Legislature through the submission of both performance and expenditure reports on a quarterly basis	4 Quarterly Compiled	Monitor macro-political and administrative direction and systems supporting the business of the Legislature through the submission of both Quarterly performance reports and Quarterly expenditure reports	4 Quarterly performance reports and Quarterly expenditure reports	No deviation	None
Number and timeframe of statutory reports received and processed	Not Achieved	Two (2) Budget submissions received and processed	Two (2) Budget submissions received and processed	No deviation	None
Strengthened divisional strategic and financial management functions.	4 x In-Year Monthly financial reporting submitted to the executive	12 Monthly in year monitoring reports to be submitted	4 x In-Year Monthly financial reporting submitted to the executive Authority and Treasury	No deviation	None
Enhancement of stakeholder partnerships with institutions supporting democracy (Chapter 9 & 10)	6 x Meetings were held with institution supporting democracy (Chapter 9/10)	Develop working relations with institutions supporting democracy (Chapter 9 and 10)	No meetings were held with institution supporting democracy (Chapter 9/10)	Deviation	The review of the indicator on the 2023/2024 APP is recommended and has been effected.

5.8.3 Office of the Secretary

- a) The Office of the Secretary bears responsibility for the overall effective and efficient management and administration of the Legislature. The accounting officer is responsible for all aspects relating to the provision of support services, i.e. corporate, financial, procedural and legal, to create an enabling environment in which the Legislature effective and efficiently executes its constitutional mandate and functions.
- b) The Public Participation and Education Unit supports the Secretary to the Legislature in the implementation of the core function of the Legislature to facilitate public participation and involvement in the Legislature's processes.
- c) The Internal Audit Unit supports the Secretary to the Legislature to ensure compliance with relevant provisions of the Finance Act which regulates the financial administration of the institution as well as with the standards and practices of the Institute of Internal Auditors. The role of the unit is not only limited to the execution of audits and ensuring fraud and corruption prevention, but also ensures that the Legislature receives maximum value from expended resources.
- d) The Security Unit assists the Secretary to the Legislature to comply with the MISS as directed by the national cabinet. The unit is also responsible for the security of users and property of the Legislature and is responsible for the development of appropriate policies and procedures in this regard. The unit ensures cooperation and interaction with government and private security service providers.

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Secretary	55,635	55,992	255	(357)	57,182	1,920

Performance indicators	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Timeframe for developed Annual Performance Plan in line with five- year strategy Performance Plan Developed	1 x Annual Annual Performance Plan developed in line with five- year strategy developed on the 31st 2022/01/01	1 x Annual Performance Plan Developed	No deviation	None	

Number and frequency of performance assessment and quarterly reports developed	1 x mid-year and Four (4) quarterly performance reports and (1) annual report compiled and submitted	One (1) mid-year and Four (4) quarterly performance reports and (1) annual report developed	1 x mid-year and Four (4) quarterly performance reports and (1) annual report compiled and submitted	No deviation	None
Number of Legislature Management Meetings held and number of reports compiled.	18 x Legislature Management Meetings held.	Legislature Management meetings held (3) times a year and a report compiled for each session	9x Legislature Management Meetings held	No Deviations	None
Number and frequency of reports compiled on activities of corporate governance structures	4 x quarterly meetings held by each of the corporate governance structures	Four (4) quarterly meetings held by each of the corporate governance structures	4 x quarterly meetings held by each of the corporate governance structures	No deviation	None
Timeframe for developed risk management plan and number of reports compiled	4 x Risk management action plan developed	Risk management action plan developed annually and three (3) quarterly reports compiled	4 x Risk management action plan developed	No deviation	None
Timeframe for the implementation of the security programme and number of reports compiled	4 x Quarterly Reports compiled	Legislature security programme implemented and four (4) quarterly reports compiled	security programme implemented and 4 x Quarterly Reports compiled	No deviation	None
Public and Media relations services.	24 x Livestreaming videos created. 21 x photography services provided. 10 x design created, and 54 x website were published.	One report on public and media relations services	36 Media Services provided in the last three months. 4 Report produced	No deviation	None
Annual review of communication and marketing strategy	New indicator	Workshop involving all key stakeholder with report of the outcome	No report compiled	Deviation	The decision to overhaul the communication strategy in 23/24 financial period was taken instead of a review process.

Strategic marketing systems and activities planned and concluded	15 Website uploads (Facebook, streaming) and 1 report for quarter 3	Report on micro and macro marketing techniques implemented	42 Website Uploads. 1 successful Exhibition in the last three months and 13 Facebook uploads, 2 Youtube uploads and 4 quarterly reports compiled	No deviation	None
Key internal and external communication services provided	24 Livestreaming videos created. 21 photography services provided. 10 designs created	One report on key internal and external communication services provided	31 Facebook Uploads. 10 Youtube videos. 44 Branding services. 28 Designs completed. 14 Video Services provided. 22 Photography service provided in the last three months. 4 report produced.	No deviation	None
Timeframe for review of internal audit charter and audit committee charter.	1 by 3-year risk-based internal audit plan reviewed annually.	Internal Audit charter and audit committee charter reviewed annually.	Internal audit charter reviewed, and audit committee charter reviewed Annually	No Deviation	None
Timeframe for review three-year risk-based audit plan and developed one-year operational plan.	Three-year risk-based internal audit plan reviewed annually.	Three-year risk-based internal audit plan reviewed annually	Three-year risk-based internal audit plan reviewed annually	No deviation	None
Timeframe for the development of one-year internal audit operation plan and number and frequency of reports compiled.	One-year internal audit operation plan developed. Four (4) quarterly internal audit progress reports compiled.	One-year internal audit operation plan developed. Four (4) quarterly internal audit progress reports compiled.	One-year internal audit plan developed, and Four (4) quarterly audit progress reports compiled.	No deviation	None

Finance Division

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Finance	50,207	47,071	3,066	50,752	3,006	1,339

Programme 1: Institutional Leadership					
Sub Programme: Finance					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Rendering of an effective and efficient Financial Management Service	1 Annual Report submitted the due date 3 months after year-end	Perform budget planning and management of fiscal disciplines such as revenue, asset, and expenditure and debtors	1 x Annual Report submitted	NO Deviation	None

Programme performance indicators	Actual Achievement 2021/2022	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Number of annual financial statements submitted by the due date	1 x Annual Report submitted	1	1 Annual Report submitted	No deviation	None
Number of bi-annual financial statements submitted by the required due date	2 x Bi-Annual Financial Reports submitted.	1	2 Bi-Annual financial reports	No deviation	None

Number of finalised annual estimates of provincial revenue and expenditure submitted by the required due date	1 x Annual Estimates and 1 x Adjustments of estimates	1	1 x Annual Estimates and	No deviation	None
A number of finalised adjusted estimates of provincial revenue and expenditure submitted by required due date.	1 x Annual Estimates and 1 x Adjustments of estimates	1	1 x Adjustments of Estimates.	No deviation	None
Number of quarterly In--Year-Monitoring (IYM) narrative reports to track expenditure and identify early warning signals	4 x IYM Reports submitted	12	4 x IYM Reports	No deviation	None
Proper monitoring and control over the financial assets of the institution (All Reconciliations completed before due date)	12 x Bank Reconciliations compiled and submitted	12	12 x Bank Recons compiled and submitted	No deviation	None
Monthly Payroll maintenance	12 x Monthly Salaries Paid	12	12 x Monthly Salaries Paid	No deviation	None

Supply Chain

Programme 1: Institutional Leadership					
Sub Programme: Supply Chain Management					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Rendering of an efficient Supply Chain Management	Acquisition Management – Improve compliance in procurement/ transaction	Acquisition Management – Improve compliance in procurement/ transaction	4 x Quarterly Regulations Compliance Registers processed and submitted	No deviation	None
Frequency of stock count performed, reconciled, and reported	Maintain effective warehouse	Quarterly reports on the outcome of stock take.	12 x Monthly warehouse counting reports compiled	No deviation	None
Frequency of assets verification performed, movements (acquisition, transfers, disposal) updated and reported	Maintain effective asset management	Monthly reports on acquisition, disposal, transfers and verification (Inventory lists completed)	12 x Monthly reports on acquisition, disposal, transfers and verification (inventory lists completed) compiled	No Deviation	None
Regular system reports on database updates	12 x Monthly Regular Reports on Suppliers Information Updates and compliance.	Monthly system reports on database update	12 x Monthly system reports on database updates submitted	No deviation	None
Frequency and timeframe of supplier accounts reconciled and reported	Maintain supplier accounts management	Quarterly reconciliation reports	4 Quarterly reconciled reports of supplier accounts management compiled	No Deviation	None

Improve compliance in procurements process/ transactions	Maintain compliance to regulations in procurement	Quarterly reports on deviations, irregular, fruitless and wasteful expenditure	4 x Quarterly Regulations Compliance Registers processed and submitted	No deviation	None
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7.1.6 Human Resource Management

Program 1: Institutional Leadership					
Sub Program: Human Resource Management					
Program Indicator	Actual Achievement 2021/2022	Planned target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual achievement 2022/23	Comment on Deviations
Develop and Implement HRM strategy and plan aligned to strategic plan 2019-2024	New Indicator	Draft HRM strategy and HRM plan aligned to strategic plan 2019-2024 developed, Adopted and Implemented by March 2023.	Signed/approved HRM plan Document.	No Deviation	None
Frequency & timeline for the development & implementation training and development plan, including an e-learning program and number of reports compiled.	10 x official attended OHS Training offered, 2 x Officials attended SAMTRAC Course, 24 x Managers attended PDMS Training, 2 x Officials attended PAYROLL Course, 7 x Officials attended Microsoft EXCEL Course.	Training and development plan, including e-learning program, developed, adopted, and implemented by 2023	4 Quarterly reports on staff training and development including an eLearning program was complied	No deviation	None

Timeframe & Frequency for employment equity plan review and implementation	The HR Committee could not convene to finalise the submission of the Employment Equity Plan	Report on the review and implementation of the employment equity, Plan.	Report on the review and implementation and of the employment equity plan were compiled	No deviation	None
Timeframe & Frequency for the review and update of institutional policies	Only 7 x Policies are under review and the Wellness Programme, still to be considered by stakeholders.	Review all institutional policies and draft amendments by end of June 2022	No policies were reviewed	Deviation	Indicator not achieved due to stagnation at the level of the Bargaining Chamber.
Timeframe & Frequency for the development labour relations program	Develop updated labour relations program	Produce reports on the implementation of labour relations programmes.	4 Quarterly reports – labour relations units activities.	No Deviation	None
Timeframe & frequency for the implementation of the health and wellness program and number of reports compiled.	2 x wellness programs held	Produce a report on promotion of health and wellness program across the institution.	4 quarterly reports compiled for develop Health and Wellness program and report were compiled	No Deviation	None

Institutional Support Services

Information and Communicatuons Technology

Programme 1: Institutional Leadership					
Sub Program: Information and Communication Technology					
Programme Performance Indicators	Actual Achievement 2021/2022	Planned target 2022/2023	Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Comment on Deviations
Ensure ICT infrastructure maintenance	-	Maintained ICT infrastructure reports	4 quarterly reports for maintenance of ICT infrastructure compiled	No Deviation	None

Ensure availability of ICT services	Provide ICT services.	ICT Services reports.	4 quarterly reports for ICT infrastructure availability reports.	No deviation	None
Ensure information security management.	12 x Monthly ICT Backup Reports submitted.	Data security and encryption, backed- up data and offsite stored data reports	12 Monthly ICT backup reports compiled	No deviation	None
Ensure digitization and automation of business process.	-	Digitization and automation of business processes reports.	4 quarterly report for Digitization and automated business processes	No deviation	None

Household Services

Program 1: Institutional Leadership					
Sub Program: Household services					
Program performance indicator	Actual achievement 2021/2022	Planned target 2022/2023	Actual achievement 2022/2023	Deviation from planned target To actual achievement 2022/2023	Comments on Deviation
Ensure provision of communication benefits and gadgets	New Indicator	Allocated benefits and gadgets services provided	4 quarterly reports compiled	No deviation	None
Fleet and office maintenance	New Indicator	Fleet and office maintenance services rendered	4 quarterly reports compiled	No Deviation	None

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	32,412	31,996	416	37,957	35,929	2,028

7.3 PROGRAMME 2: CORE BUSINESS

- (a) Core Business is responsible for the rendering of support services in respect of the legislative, oversight and accountability functions of the House and its Committees. These services are rendered through the:

The sub-programme structure provides for the rendering of services according to two key policy documents of the Legislature, namely;

- i) Legislation and Oversight Directorate which includes:

- Committee section
- Research services

- ii) Hansard Directorate

- iii) Legal Services Directorate

- iv) Public Participation

The evaluation of performance is based on the number (fractions permitted) of strategic objectives which have been achieved or not. Programme 2: Core Business achieved 95 % of its listed performance indicators.

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Core Business	20	19	1	Delays in the Roll-out of the Microsoft 365 cloud-based computing which was to enable migration to digital platform resulted in non-achievement.

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Procedural Services	36,154	35,847	307	38,055	37,647	408

Legislation & Oversight

Programme 2: Core Business					
Sub Programme: Committee Section and Research Services					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement	Comment on Deviations
Timeframe and frequency for development, implementation and updating of annual programme of committees	7 x updates of the annual programmes of the sittings of the house and committee meetings are developed and updated for implementation through chairpersons panel and programming committee meetings	Annual programme of sittings of the house and committee meetings are developed and updated for implementation on a quarterly basis	4 Quarterly reports compiled	No deviation	None
Number and timeframe for committee reports produced.	22 x Committee reports each produced within ten (10) working days of the relevant Committee deliberations	Committee reports are produced within 10 working days of the relevant committee deliberations	Reports (24) compiled within 10 working days of the relevant committee deliberations.	No deviation	None
Number and timeframe for sets of minutes produced for committee meetings.	77 x Minutes for (Portfolio committees 5, Ad hoc committee, chairs panel, Ethics, Budget & Oversight) produced within five (5) working days of a relevant committee meeting “	Sets of minutes are produced within 5 working days of a relevant committee meetings	Sets of minutes were produced within 5 working days of committee meetings (29)	No deviation	None
Number and timeframe for mandates compiled for committees	4 x Mandates were conferred within a day of relevant committee deliberations	Mandates compiled each within a day of relevant committee deliberations and relevant mandates are conferred accordingly to NCOP	3 quarterly reports Mandates compiled within a day of relevant committee deliberations and relevant mandates	No deviation	None
Frequency for incorporation and updating of NCOP activities in the Legislature programme as and when they are referred to the FSL.	4 x NCOP activities were incorporated and updated in the legislature programme	Continuous updating of Legislature programmes in alignment with NCOP activities with quarterly reports submitted on updates made.	3 quarterly reports compiled	No Deviation	None

Research Services					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement	Comment on Deviations
Number & frequency of APP analysis report for legislature committee	16 x reports of the APP analysed.	APP analysis produced for legislature committee	16 APP analysis reports compiled	No deviation	None
Number and frequency of reports analysis developed for Legislature committees.	16 x reports of the Annual Reports analysed.	Annual analysis report produces for legislature committee	16 Annual reports analysis compiled	No deviation	None
Number and frequency of reports developed for the Quarterly reports produced for Legislature committees	48 x reports of the Annual Reports analyzed.	Quarterly reports analysis produces for legislature committee	64 quarterly analysis reports compiled	No deviation	None

Legal Services

Programme 2: Core Business					
Sub Programme: Legal Service					
Programme performance indicators	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Number and frequency of legal service managed	-	Number of legal services rendered.	4 Quarterly reports compiled	No deviation	None
Policies, agreements, and contracts drafted, edited, and vetted	-	Number of policies, agreements and contracts drafted, edited and vetted.	4 quarterly report compiled	No Deviation	None
Number and frequency of training and awareness session conducted on the Legal Services SOP, PAIA, PAJA and other relevant legislation	-	Number and frequency of training and awareness sessions conducted on the Legal Services SOP, PAIA, PAJA and other relevant legislation	1 quarterly report compiled	No Deviation	None

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Legal Services	5,251	5,125	126	8,096	7,767	329

Public Participation

Programme 2: Core Business					
Sub Programme: Public Participation and Education					
Programme performance indicators	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Number of public education and democracy workshops conducted virtually and/or hybrid	Four (4) workshops for the Youth in 5 Districts between May/June 2021 conducted virtually and or/ hybrid	Three (3) public education and democracy workshops conducted virtually and/o/ hybrid	Five (5) public education and democracy workshops conducted	No deviation	None
Number of sectoral Parliament conducted, and reports compiled virtually and or / hybrid	Three (3) sectoral Parliaments conducted virtually and or/ hybrid and were achieved.	Three (3) sectoral Parliaments conducted virtually and or hybrid	Four (4) Sectoral Parliaments conducted virtually and/or hybrid.	No Deviation	None
Number and frequency of petitions processed, and reports compiled.	Three (3) x petitions processed from April 2021 – March 2022 each within (30) days of receipt and four (4) quarterly reports compiled.	Number of petitions processed each within (90) days of receipt and two (2) quarterly reports compiled.	Seven (7) petitions processed each within 90 days of receipt and 2 quarterly reports compiled.	No Deviation.	None

Hansard

Public Programme 2: Core Business					
Sub Programme: Hansard					
Programme performance indicators	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Number and frequency of Hansard records Compiled in digital and hardcopy by the end of March 2023.	17 x Hansard Records compiled	Compilation of all Hansard records in digital and hardcopy by the end of March	19 x Hansard Records compiled	No deviation	None
Number of official languages in which interpretation service was rendered during the sittings of the Legislature	17 x Interpretation services rendered.	Interpretation services rendered in three (3) official languages during sittings and / or committees of the Legislature.	Interpretation services rendered in three (3) official languages during 37 sittings and/or committees of the Legislature.	No deviation	None
Number of official languages in which translation service was rendered during the during the sittings of the legislature	17 x Language translation rendered.	Translation services rendered in three (3) official languages during sittings or committees of the Legislature.	Translation services rendered in three (3) official languages during 19 sittings and / or committees of the Legislature.	No deviation	None
Number of official languages in which transcription service was rendered during the during the sittings of the legislature	17 x Language Transcription rendered.	Transcriptions services rendered in three (3) official languages during sittings or committees of the Legislature.	Transcription services rendered in three (3) official languages during 19 sittings and / or committees of the Legislature.	No deviation	None
Development and Implementation of digital platform to transition from print or hard copy format to digital or soft copy format.		Digital platform to transition from print or hard copy format to digital or soft copy format.	No quarterly reports compiled and Implementation of digital platform to transition from print or hard copy format to digital or soft copy format.	Deviation	Delays in the Roll-out of the M365 cloud-based computing which was to enable migration to digital platform resulted in non-achievement.
Number and frequency of relevant language stakeholder events attended	-	Working relationships improved with relevant language stakeholders through consistent engagement and event attended.	Attended three language stakeholder events	No deviation	None

International Relations

The purpose of this new programme is to increase representation and participation in the international sphere.

Programme Indicator	Number of Performance indicators	Achieved	Not achieved	Comment on deviation
International Relations	1	1	0	Achieved

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Programme 3: International Relations					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Strengthening participation of the legislature in international forums.	1 x Report on the attendance to the	Commonwealth Parliamentarians with Disabilities (CPwD)-Africa Region, prepared.	2 x Quarterly reports was prepared Multilateral, committees, study exchange and parliamentary Hybrid and virtual engagements.	No Deviation	None

PROGRAMME 4: MEMBERS AND POLITICAL PARTIES SUPPORT

Facilities and Benefits to Members and political parties provide for the rendering of direct support services and facilities to elected representatives of the Free State Legislature as per the Policy on Payments, Facilities and Benefits of Members of the Legislature and grants payable in respect of the Political Party Fund Act (4 of 2008).

- a) This programme structure provides for the rendering of services according to two key policy documents of the Legislature, namely.
 - i) Policy on Facilities, Benefits and Payments to Members of the Legislature that provides for;
 - Accommodation and relocation
 - Communication Facilities
 - Travelling Facilities
 - Subsistence Allowances
 - Study aid
 - Remuneration
 - Facilities for Members with special needs
 - Accidents and death

ii) Policy on funding of Political Parties represented in the Legislature that provides for;

- Payment of Office Allocation to Political Parties (including research allowance) and
- Payment of constituent Allowance to Political Parties represented in the Legislature.
- Payment of grant in respect of the Political Party Fund Act (4 of 2008)

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Members & Political Parties Support	2	2	0	Achieved

	2021/22			2022/23		
Sub-programme name	Final Appropriation	Actual expenditure	(over)/under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Members & Political Parties Support	71,958	68,598	3,360	60,870	60,459	411

Programme 4: Members and Political Parties Support					
Programme Indicator	Actual Achievement 2021/22	Planned target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Comment on Deviations
Ensure payments to Members and Political Parties in accordance with legislation and policies	2 x capacity building programmes provided to Member 4 x study aid bursaries awarded to Members	Payment to political parties according to timeframes, policies, and legislation	Confirmed that payment to political parties were made in accordance to timeframes, policies and legislation.	No deviation	None
Number of reports compiled on services provided to Members	4 x Reports on support services, have been compiled and submitted.	Four (4) reports compiled on services provided to Members	4 x Quarterly Reports on support services, have been compiled and submitted	No deviation	None

5.8 ORGANISATIONAL ENVIRONMENT

5.8.1 Updated Situational Analysis

The key requirements for the current term is to focus on the National Development Plan (NDP) herein referred after and alignment to Provincial strategies. As the legislature is not responsible for service delivery but promoting development, it will respond directly to the delivery and developmental issues identified in the NDP. It will instead, be responsible for overseeing whether the Executive Arm of Government is designing and implementing programmes that achieve the strategic intent of the NDP. It is also responsible for ensuring, through public participation, that citizens are engaged in the process of development and governance within the province. Finally, the Legislature must ensure that there is legislation and policy framework that enables and supports the achievement of the NDP.

Therefore, the Free State Legislature in terms of its alignment to the NDP, has developed seven (7) broad focus areas in alignment with its core process and mandate. Those focus areas in the NDP are as follows:

1. Economic Transformation and job creation
2. Education, Skills and Health
3. Consolidating the social wage through reliable and quality basic services.
4. Spatial integration, human settlements and local government
5. Social cohesion and safe communities
6. A capable, ethical, developmental state and,
7. A better Africa and the World.

Specifically indicated in terms of alignment, is the alignment to the Provincial Growth and Development Strategy.

The Legislature is therefore, seeking to develop itself in line with the requirements of Treasury in terms of new alignment requirements. This approach will be implemented across the entire sector. The following guidelines will be followed with regards to the development of the strategic plan and the annual performance plan:

- The Sector Oversight Model
- Public participation Model
- Monitoring and Evaluation Framework

5.8.2 Performance delivery environment

The development of a responsive strategic plan of the Legislature is to continue providing support to the Legislature and ensuring that there is:

- Law-making
- Effective oversight and accountability over the executive
- Public education and participation and
- Stakeholder relations.

The Legislature appeared before the Portfolio Committee on Public Accounts and Finance, the Portfolio Committee on Cooperative Governance, Office of the Premier and Legislature, the Portfolio Committee on Education, Health and Social Development, the Portfolio Committee on Public Works, Infrastructure, Roads, Transport and Human Settlement and the Portfolio Committee on Agriculture & Rural Development, Small Business and Sports, Arts, Culture and Recreation.

PART C



GOVERNANCE

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2023.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and is required to meet four times per annum as per its approved terms of reference. The Audit Committee convened seven times during the current financial year.

The dates on which the Audit Committee convened are as follow:

17 May 2022;
31 May 2022;
27 July 2022;
19 August 2022;
28 October 2022;
23 February 2023.

Name of Member	Number of Meetings Attended
Adv L Bomela (Former Chairperson)	0
Ms M Hlalele (New Chairperson)	6
Ms N Khawe	4

Audit Committee Responsibility

The Audit Committee reports, that in terms of Section 48 (1)(a)(i) of FMPPLA, it has adopted appropriate formal terms of reference as its Audit Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

We have evaluated the effectiveness of Internal Controls as reported by the Internal Audit Unit to the Audit Committee and noted that there is Room for Improvement.

The following internal audit work was completed during the year under review:

	Audit Name	Number of Report
Reports presented to the Audit Committee	Internal Audit Plan (1-year Operational Plan and 3-year Strategic Plan)	1
	Internal Audit Progress Reports	4
	Internal Audit Charter	1
	Audit Committee Charter (Terms of Reference)	1

	Cursory review of Financial Statements	1
	Internal Audit Policy	1
	Internal Audit Quality Assurance and Improvement Plan	1
	Self-Assessment (QAIP 2021/22)	1
	Risk Review (Risk register)	3
	Fraud Risk Review (Fraud Risk register)	1
	Compilation of PAAP template	1
	Follow up Report – PAAP	1
	Internal Audit Report – Performance Information	4
	Finance Review	1
	Human Resources Review	1
	Supply Chain Management Review	1
	ICT / Institutional Support Services Review	1
	Physical verification of Employees	1
	Risk Review (Risk register)	1
	Asset Review	1

The following are areas which management must prioritize:

- Appointment of the Chief Audit Executive (CAE) / Director: Internal Audit as per the resolution by the Audit Committee on 7 October 2019. Subsequently the position of the CAE was created on the organizational structure and is in the process of evaluation. The Manager Internal Audit was appointed to in the Acting CAE position. The appointment of the CAE is still pending.
- Inadequate controls for uploading of support for the Performance Information.
- Policies needs to be reviewed and approved.

In-Year Management, Monthly/Quarterly and mid-term reports

The Legislature has reported, in terms of Sections 51 – 53 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No 10 of 2009), monthly, quarterly and mid-term to the Executive Authority.

Presentation of Financial Statements – Political Parties

Financial statements of all represented political parties in terms of constituents and office funding have been presented and considered by the Audit Committee.

Evaluation of Financial Statements

We have evaluated the Annual Financial Statements prepared by the Legislature and we are satisfied that it complies with the Standards of the Generally Recognised Accounting Practice (GRAP).

Auditor-General's Report

We have considered the Legislature's action plan for audit issues raised in the previous year and we understand that the action plan is still in progress.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Me. MM Hlalele

Chairperson to the Audit Committee



PART D



HUMAN RESOURCES MANAGEMENT

HUMAN RESOURCE MANAGEMENT

7 .Part D: Human Resource Management

7.1 Introduction

Provide commentary on the following:

- The status of human resources in the Legislature.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by Legislature, as well as future human resource plans /goals.

7.2 Human Resources Oversight Statistics

The Legislature must provide the following key information on its human resources. All the financial amounts must agree with the amounts disclosed in the annual financial statements. Provide reasons for any variances.

Please note that it is very important to follow the format and standards prescribed, to enable collation and comparison of information. **If sub headings/tables are not applicable to the department, it should be stated that there is nothing to report on. Numbering of tables must not be changed and should be maintained as in the guidelines.**

Include any other tables for HR if considered necessary by the Legislature and required by any specific government oversight body. These additional tables must be included at the end of the standardised HR information.

7.3 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- ☐ amount spent on personnel
- ☐ amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 7.3.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1	156'631	102'768	479	0	66	901
Programme 2	60'459	0	0	0	0	0
Programme 3	45'416	40'636	0	2'676	89	1'042
Total	262'506	143'404	479	2'676	54	937

Table 7.3.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Interns	0	0	0	0
Lower skilled (6-9)	19,365	14	44	440
Skilled (10-12)	34,123	24	40	853
Highly skilled production (13-14)	39,142	27	39	1'004
Highly skilled supervision (17-23)	26,619	19	20	1'331
Senior and Top management	24,155	16	10	2'415
Total	143,404	100	153	937



Table 7.3.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries		Overtime		Home Owners		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1	87,183	85	1'047	0.7	4'513	3	4'434	3
Programme 2	0	0	0	0	0	0	0	0
Programme 3	34'450	85	415	0.3	1'313	1	3'162	2
Total	121'633	85	1'462	1	5'825	4	7'596	5

Table 7.3.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Salaries		Overtime		Home Owners		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Lower skilled	11'640	9	172	0.1	1'184	0.82	1'458	1
Skilled	22'185	15	373	0.2	1'874	1.3	1'790	1.2
Highly skilled production	25'247	17	533	0.3	1'550	1.08	3'149	2
Highly skilled supervision	16'593	12	384	0.2	793	0.5	826	0.57
Senior management	45'968	32	0	0	425	0.33	373	0.26
Total	121'633	85	1'462	1	5'826	4	7'596	5

7.4 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

The Legislature have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 7.4.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1	146	120	26%	5
Programme 2	0	0	0%	0
Programme 3	49	38	11%	0
Total	195	158	37%	5

Table 7.4.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Interns	0	0	0%	0
Lower skilled	37	34	3%	5
Skilled	74	54	20%	0
Highly skilled production	51	43	8%	0
Highly skilled supervision	19	18	1%	0
Senior management	14	9	5%	0
Total	195	158	37%	5

7.5 Filling of senior management posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 7.5.1 Senior management post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	1	1	100	0	0
Salary Level 21	1	0	0	1	100
Salary Level 20	1	1	100	0	0
Salary Level 19	1	1	100	0	0
Salary Level 18	3	3	100	0	0
Salary Level 17	5	3	42	4	57
Total	12	9	75	5	36

Table 7.5.2 Senior management post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 23	1	1	100	0	0
Salary Level 21	1	0	0	1	100
Salary Level 20	1	1	100	0	0
Salary Level 19	1	1	100	0	0
Salary Level 18	3	3	100	0	0
Salary Level 17	5	4	57	3	42
Total	12	10	71	4	28

Table 7.5.3 Reasons for not having complied with the filling of funded vacant Senior management - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
The Hansard Editor position was advertised within a period of six months; the Deputy Secretary to the Legislature, Chief Audit Executive posts were not advertised timeously because of re-evaluations process; Treasury Advisor was not budgeted; and Director Strategy & Risk Management has been vacant from the 06 th March 2023.

7.6 Job Evaluation

The executing authorities may evaluate or re-evaluate any job in his or her organisation. All vacancies on salary levels 6 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 7.6.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

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
Lower skilled	37	0	0	0	0	0	0
Skilled	74	7	9	6	8	0	0
Highly skilled production	51	2	4	1	2	0	0
Highly skilled supervision	19	1	6	1	6	0	0
Senior management	14	2	14	2	14	0	0
Total	195	0	0	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 7.6.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Comments: The job evaluation report was not approved for implementation.

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 7.6.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Manager/Records Management in the Office of the Secretary to the Legislature	01	13	16	The incumbent was appointed before the position was evaluated.
Manager in the Office of the Deputy Secretary	01	13	15	The incumbent was appointed before the position was evaluated.
Librarian	01	14	16 (even though it is not exactly aligned to the sub- level of 16)	The salary of the incumbent was higher prior the job evaluation in 2012.
Sergeant-at-Arms	01	10	15 (even though it is not exactly aligned to the sub-level of 15)	The salary of the incumbent was higher prior the job evaluation in 2012.
Payment Coordinator	01	12	14	The salary of the incumbent was higher prior the job evaluation in 2012.
Total number of employees whose salaries exceeded the level determined by job evaluation				5
Percentage of total employed				3%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 7.6.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	1	2
Male	3	0	0	0	3
Total	4	0	0	1	5
Employees with a disability					0

7.7 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition notes below). *Table 7.7.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023*

Salary band	Number of employees at beginning of period- 1 April 2022	Appointments and transfers into the Legislature	Terminations and transfers out of the Legislature	Turnover rate
Interns	4	0	4	100
Lower skilled	32	4	1	3
Skilled	55	0	1	2
Highly skilled production	42	0	0	0
Highly skilled supervision	18	0	0	0
Senior management	10	0	1	10
Total	161	4	7	5

Table 7.7.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Number of employees at beginning of period-April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
TOTAL	n/a	n/a	n/a	n/a

Table 7.7.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	1	14
Expiry of contract	4	58
Dismissal – operational changes	0	0
Dismissal – misconduct	1	14
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	14
Transfer to other Public Service	0	0
Other	0	0
Total	7	100

Table 7.7.4 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	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
Interns	4	0	0	0	0
Lower skilled	32	0	0	0	0
Skilled	55	0	0	2	4
Highly skilled production	42	0	0	0	0
Highly skilled supervision	18	0	0	0	0
Senior management	10	0	0	0	0
Total	161	0	0	2	4



7.8 Employment Equity

Table 7.8.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	4	0	0	1	3	0	0	1	9
Professionals	9	0	0	1	4	3	0	1	18
Technicians and associate professionals	23	0	0	1	16	2	0	2	44
Clerks	21	1	0	1	25	1	0	2	51
Service and sales workers	14	0	0	0	17	0	0	0	31
Other	4	0	0	0	1	0	0	0	5
Total	75	1	0	4	66	6	0	6	158
Employees with disabilities	2	0	0	0	1	0	0	0	3



Table 7.8.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	3	0	0	0	3	0	0	1	7
Professionally qualified and experienced specialists and mid-management	9	0	0	1	4	3	0	1	18
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	23	0	0	1	17	0	2	0	44
Semi-skilled and discretionary decision making	22	1	0	1	25	1	0	2	52
Unskilled and defined decision making	14	0	0	0	16	1	0	0	34
Other	3	0	0	0	1	0	0	0	4
Total	75	1	0	4	66	6	0	6	158

Table 7.8.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	Africa	Coloured	Indian	White	Africa	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Other	3	0	0	0	1	0	0	0	4
Total	3	0	0	0	1	0	0	0	4
Employees with	0	0	0	0	0	0	0	0	0

Table 7.8.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	1	0	0	0	2
Employees	0	0	0	0	0	0	0	0	0



Table 7.8.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Other	3	0	0	0	1	0	0	0	4
Total	4	0			3	0	0	0	7
Employees with Disabilities	0	0	0	0	0	0	0	0	0



Table 7.8.6 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Mal				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	2	0	0	0	0	0	0	0	2
Professionals	4	0	0	1	1	0	0	0	6
Technicians and associate	4	1	0	0	4	0	0	0	9
Clerks	4	0	0	0	6	0	0	0	10
Service and sales workers	0	0	0	0	4	0	0	0	4
Others	14	1	0	1	15	0	0	0	31
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	1	0	0	0	1



7.9. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 7.9.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Secretary to the Legislature Level 23	1	1	1	100
Acting Deputy Secretary to the Legislature Level 21	1	0	0	0
Chief Financial Officer Level 20	1	1	1	100
Acting Director Level 19	1	1	1	100
Director Level 18	3	3	3	100
Director Level 17	5	3	3	60
Total	12	9	9	75

Table 7.9.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 April 2023

Reasons
Some of the posts are funded and vacant.

Table 7.9.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 April 2022

Reasons
Not applicable

7.10 Leave utilization

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 7.10.1 Sick leave for the period 1 April 2022 to 31 March 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick	Average days per employee	Estimated Cost (R'000)
Lower Skills	195	17	23	21	8	353
Skilled	491	43	43	39	11	535
Highly skilled production	310	27	27	25	11	1 017
Highly skilled supervision	120	10	9	8	13	1 702
Top and Senior management	39	3	8	7	6	1 785
Total	1155	100	110	100	49	5 392

Table 7.10.2 Annual Leave for the period 1 April 2022 to 31 March 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled	458	31	15
Skilled Levels	637	45	16
Highly skilled production	653	41	16
Highly skilled supervision	206	16	13
Senior management	99	10	10
Total	2 053	143	70

Table 7.10.3 Capped leave for the period 1 December 2019 to 30 November 2022

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average number of days taken per employee as on 31 March 2023
Lower skilled	0	0	0	0
Skilled Levels	8	1	1	3
Highly skilled production	0	0	0	0
Highly skilled supervision	0	0	0	0
Senior management	0	0	0	0
Total	8	1	1	3



Table 7.10.4 Leave payouts for the period 1 April 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave encashment for 2022/22	3 961	154	26
Capped leave payouts on termination of service for 2022/22	0	0	0
Current leave payout on termination of service for 2022/22	147	3	49
Total	4 108	158	75

7.11 HIV/AIDS & Health Promotion Programmes

Table 7.11.1 Steps taken to reduce the risk of occupational exposure

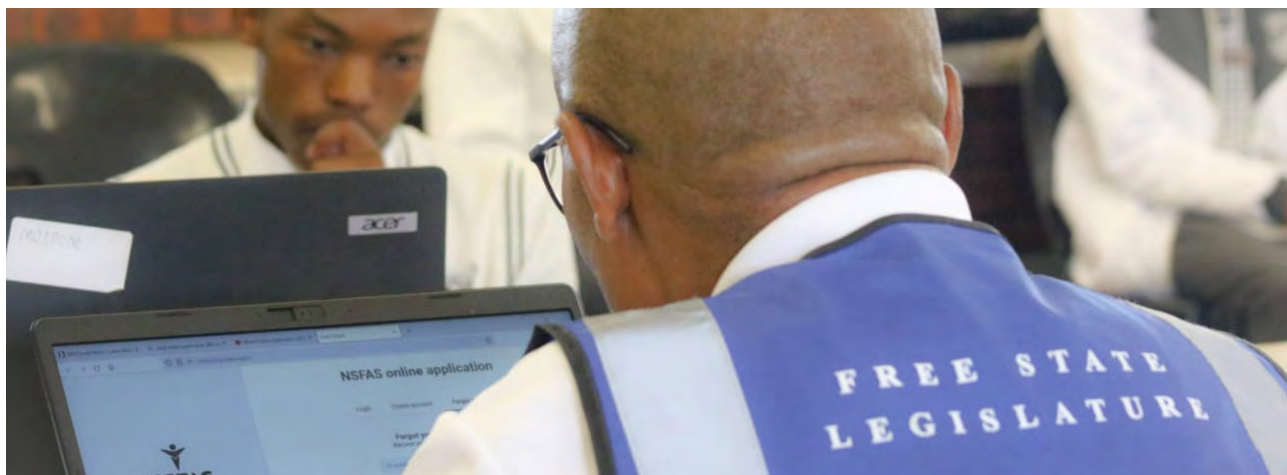
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	Not applicable

Table 7.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Questions	Yes	No	Details, if yes
1. Has the legislature designated a member of the SMS to implement the provisions contained in Part VI of Chapter 1 of the Public Service Regulations, 2001? If so, provide his/her position.	✓		Ms. Dikomang Tshabalala: Director: Human Resources Management

2. Does the legislature have a dedicated unit or has it designated specific staff member to promote health and wellness of your employees? If so, indicate the number of employees involved in this task and the annual budget that is available for this purpose?	✓		The Legislature has employed a person who is responsible for the implementation of the Health and Wellness of the employees. There is no specified budget for this programme.
3. Has the legislature introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate elements/services	✓		FSL Employee Wellness Programme covers the 3 Pillars of Employee Health and Wellness Strategic Framework: 1. Occupational Health ❖ HIV/AIDS and TB Management-emphasis ❖ Cancer awareness campaigns are conducted for employees ❖ Health and Productivity Management Reduction of burden of diseases in the workplace. 2. Quality of Work life ❖ SHERQ Management Safety in the workplace is emphasized This current year we retrained the Health and Safety Committee members in order to be able mitigate matters of health and safety in the workplace. ❖ Wellness Management Individual and group counselling are offered to employees as when is needed. i.e If employees have or a particular Directorate is faced with problems as whole therefore group counselling will be offered.
4. Has the legislature established (a) committee(s) as contemplated in Part iv E.5 e of Chapter 1 of Public Service Regulations, 2001? If so, please provide the names of members of the Committee and the stakeholders that the represent	✓		No committee has been established as yet because FSL EAP Policy is still in its draft form

5. Has the legislature reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		❖ HIV/AIDS Workplace Policy ❖ Free State Legislature Policy on HIV/AIDS ❖ Draft EAP Policy
6. Has the legislature introduced measures to protect HIV-positive employees or those perceived to be HIV- positive from discrimination? If so, list key element of these measures.	✓		Adjustment of policies: E.g. Leave policy-Special leave with regard to employee who suffer from terminal illness; time-off for Clinic appointments and changes in hours of work and in start/finish time. Labour Relations Act: Code of Good Practice; aspects on HIV/AIDS and Employment. Application of the Medical Aid Schemes Act no 131 of 1998.
7. Does the legislature encourage its employees to undergo Voluntary counseling and Testing? If so, list the results you have achieved	✓		The EAP unit tries by all means to encourage people to go for HIV/Aids Counseling and Testing (HCT).
8. Has the legislature developed measures to monitor and evaluate the impact of its health promotion programme? If so list these measures.	✓		Attendance registers are kept during health promotion sessions to evaluate the impact of the programme and check views of the participants on what should or can be added to improve the programme. During Employee Wellness Sessions



7.12 Labour Relations

Table 7.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject matter	Date
Wage settlement for 2022/23	05 th December 2023
Total costs working days lost	0
Amount recovered as a result of no work no pay (R"000)	0

Table 7.12.2 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
Total number of grievances lodged	0	0

Table 7.12.3 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of Total
Number of disputes upheld	8	0
Number of disputes dismissed	2	33
Total number of disputes lodged	6	33



7.13. Skills development

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

Table 7.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4		- Finance for Non- Financial Managers - Investigation, Initiating and Chairing Disciplinary Hearing - Contract Management - Labour Law - Legislation and Drafting - Interview Skills		8
	Male	4		- Finance for Non- Financial Managers - Investigation, Initiating and Chairing Disciplinary Hearing - Labour Law - Risk and Fraud Management - Interview Skills - Organizational Strategic Planning and Management		
Professionals	Female	7		- Finance for Non- Financial Managers - First Aid Training - Microsoft 360 - Contract Management - Risk and Fraud Management - Microsoft Azure Fundamentals with Hands on Labs - Office Administrator - Legislation and Drafting - Microsoft Power Platform app Maker - Annual SITA Govtech Conference - Job Description - Interview Skills - Editing		7

	Male	10		• Finance for Non- Financial Managers • Investigation, Initiating and Chairing Disciplinary Hearing • First Aid Training • Labour Law		10
Technicians and associate professionals	Female	15		• First Aid • Microsoft windows 360 • Protocol Training • Records Management Course and Inspection for Records • Investigating, Initiating Conducting and Chairing Disciplinary Hearing • Microsoft Azure Fundamentals with Hands-on Labs • Office 365 Administrator • Microsoft Power Platform App Maker • Speed Reading • Social Media Training • Introduction to Research Methodology • Professional Reporting writing • Editing		
	Male	17		• First Aid • Microsoft windows 360 • Protocol Training • Advanced Excel • Investigating, Initiating Conducting and Chairing Disciplinary Hearing • Labour Law • Speed Reading • Project Management • Professional Reporting writing - Editing		8

Clerks	Female	25		• First Aid • Microsoft windows 360 • Protocol Training • Advanced Excel • Investigating, Initiating Conducting and Chairing Disciplinary Hearing • Records Management Course and Inspection for Records • Contract Management • Office Admin, Communication, minutes Taking, Report Writing and Filing System • Risk and Fraud Management • Speed Reading • Introduction to Public Administration • Project Management • Social Media Training • Introduction to Research Methodology • Editing		17
	Male	20		• First Aid • Protocol Training • Advanced Excel • Investigating, Initiating Conducting and Chairing Disciplinary Hearing • Fuel, Fleet and Transport Management • Office Admin, Communication, minutes Taking, Report Writing and Filing System		9
Service and sales workers	Female	13		• First Aid • National Key point		
	Male	10		• First Aid • National Key point		
Sub Total	Female	63				
	Male	44				
Total		107				

Table 7.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4		• Finance for non-financial •	• COIDA SESSION • Fraud Risk Awareness • Disciplinary Initiating and Chairing	8
	Male	4		• Finance for non-financial •	• COIDA SESSION • Fraud Risk Awareness • Disciplinary Initiating and Chairing	

Professionals	Female	10		• Finance for non-financial • First Aid • Fraud and Risk Management • Language and Speed Reading •	• COIDA SESSION • Fraud Risk Awareness • Disciplinary Initiating and Chairing • Records Management and Inspection • Protocol and Diplomacy Training • Future African Languages Conference • Advanced Events Management • Protocol and Diplomacy Training • Media Handling	17
	Male	7		• Finance for non-financial • Annual SITA Govtech Conference • Microsoft Power Platform App Maker • Fraud and Risk Management • Language and Speed Reading • Contract Management •	• Fraud Risk Awareness • Disciplinary Initiating and Chairing • Future African Languages Conference	
Technicians and associate professionals	Female	12		• Finance for non-financial • Protocol and Etiquette • Labour Law • Risk and Fraud Management • Language and Speed Reading • WSP Submission PSETA Training Consultation	• Protocol and Diplomacy Training • Advanced Events Management • Fraud Risk Awareness • Disciplinary Initiating and	22

	Male	10		• Finance for non-financial • Protocol and Etiquette • Contract Management • Risk and Fraud Management • Language and Speed Reading • Microsoft 365 Mobility and Security	• Dispute Management Prevention Training	
Clerks	Female	18		• First Aid Training • Annual SITA Govtech Conference • Protocol and Etiquette Training • Labour Law • Contract Management • Risk and Fraud Management • Language and Speed Reading • WSP Submission PSETA Training Consultation	• Disciplinary Initiating and Chairing • Dispute Management and Prevention Training • Records Management and Inspection •	44
	Male	26		• First Aid Training • Protocol and Etiquette Training • Labour Law • Contract Management • Risk and Fraud Management • Language and Speed Reading	• Disciplinary Initiating and Chairing • Records Management and Inspection •	
Service and sales workers	Female	8		•	•	21
	Male	13			•	
Sub Total	Female					52
	Male					60
Total		112				112

7.14 Utilisation of Consultants

Table 7.13.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
(R-Data) assistance with leave queries and processing of leave	1	1	R2 518.50

Table 7.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by	Percentage management by HDI groups	Number of consultants from HDI
n/a	n/a	n/a	n/a

Table 7.13.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total Number of consultants that worked	Duration	Donor and contract value in
n/a	n/a	n/a	n/a

Table 7.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
n/a	n/a	n/a	n/a

7.15 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 20YY and 31 March 20ZZ

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	1	1
Permanent Disablement	0	0
Fatal	0	0
Total	1	1



PART E



Financial Information

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PART E: FINANCIAL INFORMATION

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ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
UIF	Unemployment Insurance Fund
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act, 2009
IPSA	International Public Sector Accounting Standards

The financial statements set out on page 95 to 167 which have been prepared on the ongoing concern basis, were approved by the Accounting officer on the 31 May, 2023.



MJ Machaka
Secretary to the Legislature
Bloemfontein, 31 May 2

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The Free State Legislature is the legislative authority of the Free State Province. The constitutional mandate is to give effect to oversight and law-making through public involvement.
Registered office	41 Charlotte Maxeke street Bloemfontein 9301
Bankers	First National Bank
Auditors	Auditor-General of South Africa
Secretary	MJ Machaka



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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Free State Legislature set out on pages 95 to 159, which comprise the statement of financial position as at 31 March 2023, 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 Free State Legislature as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act 10 of 2009 (FMPPLA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the legislature in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the legislature at, and for the year ended 31 March 2023.

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 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.

Responsibilities of the auditor-general 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected the programme that measures the legislature's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Core business	43 - 47	To render support services in respect of the legislative, oversight and accountability functions of the House and its committees.

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it

provides useful and reliable information and insights to users on the legislature's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- there are adequate supporting evidence for the achievements reported.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

17. I did not identify any material findings on the reported performance information of core business.

Other matter

18. I draw attention to the matter below.

Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of core business. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the legislature's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the legislature, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
28. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor - General

Bloemfontein

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:
 - the auditor-general's responsibility for the audit
 - the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

3. 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
 - conclude on the appropriateness of the 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 legislature to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a legislature to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

4. 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.
5. 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.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation and regulations	Sections or regulations
Finance Management of Parliament and Provincial Legislature Act 10 of 2009	Sections 7(a); 7(b); 7(e); 13(b); 14(1); 14(2)(a - (e)); 15(1); 15(2)(a) - (d); Sections 20(5); 21(2) 22(2); 33(2)(a); 33(2)(b); 33(2)(e); 35(1)(a) Sections 35(1)(b); 36(a); ;52; 53(1); 53(1)(b); 53(1)(c); 56(1); 57(a) Sections 67(2)(a); 67(2)(b); 68(2)(a); 68(2)(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Financial Management of Parliament Act - Supply Chain Management Regulations	Regulations 6(1)(c6(3)e; 6(6)(a)(i) & (ii); 6(6)(a)(v); 6(7)(a)(i), (ii) & (iii); Regulations 6(7)(b)(iii); 6(7)(c)(v); 6(8)(a)(i) & (ii); 6(11); 7(8)(a) Regulations 7(9)(a)(vi); 8(1), 8(2); 9; 11(2); 11(3)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2(1)(a); 2.1(f)
Preferential Procurement Regulations of 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6(8); 7(8); 8.2; 8.5; 9.1;10(1) Regulations 10(2); 11(1)
Preferential Procurement Regulations of 2022	Regulations 4.4; 5.4
National Treasury Instruction 4 of 2015-16	Paragraph 3.4





Free State Legislature
Annual Financial Statements
for the year ended 31 March 2023

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting officer are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The annual financial statements set out on pages 95 to 159, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2023 and were signed on its behalf by:



MJ Machaka
Secretary to the Legislature

Wednesday, 31 May 2023

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	63 462 236	53 440 474
Receivables from exchange transactions	4	1 823 064	1 520 359
Receivables from non-exchange transactions	5	1 476 938	56 284
Prepayments	6	1 112 821	475 388
Inventories	7	550 342	421 274
		68 425 401	55 913 779
Non-Current Assets			
Property, plant and equipment	8	14 163 230	15 144 979
Intangible assets	9	105 503	51 536
		14 268 733	15 196 515
Total Assets		82 694 134	71 110 294
Liabilities			
Current Liabilities			
Finance lease obligation	37	209 692	325 463
Operating lease liability	12	837 950	97 677
Payables from exchange transactions	11	22 856 686	22 409 488
Unspent conditional grants and receipts	16	-	186 938
		23 904 328	23 019 566
Non-Current Liabilities			
Finance lease obligation	37	74 721	284 413
Operating lease liability	12	1 233 176	2 071 127
Employee benefit obligation	13	12 561 000	12 633 000
		13 868 897	14 988 540
Total Liabilities		37 773 225	38 008 106
Net Assets		44 920 909	33 102 188
Accumulated surplus		44 920 909	33 102 188

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Other Income	14	249 930	286 991
Interest received	15	2 466 044	1 502 769
Total revenue from exchange transactions		2 715 974	1 789 760
Revenue from non-exchange transactions			
Service in-kind	10	5 314 464	2 492 500
Transfer revenue			
Government grants and subsidies	16	296 073 654	290 579 000
Total revenue from non-exchange transactions		301 388 118	293 071 500
Total revenue		304 104 092	294 861 260
Expenditure			
Employee related costs	17	(141 856 367)	(126 524 593)
Members remuneration	18	(25 953 653)	(27 382 645)
Transfers and subsidies	19	(56 884 822)	(65 505 129)
Depreciation and Amortisation	8&9	(2 136 052)	(2 584 439)
Impairment loss	38	(133 680)	-
Finance Cost	20	(975 146)	(757 424)
Loss on disposal of assets		(178 011)	(19 531)
Loss on foreign exchange transactions		(112 712)	-
Property Payments	22	(21 916 498)	(16 617 842)
General expenses	21	(33 842 056)	(33 671 502)
Travel and subsistence	23	(9 303 374)	(5 342 655)
Total expenditure		(293 292 371)	(278 405 760)
Surplus for the year from continuing operations		10 811 721	16 455 500
Acturial gain/(loss)	13	1 007 000	(326 000)
Surplus for the year		11 818 721	16 129 500

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	17 042 110	17 042 110
Adjustments		
Correction of errors	(69 422)	(69 422)
Balance at 01 April 2021 as restated*	16 972 688	16 972 688
Changes in net assets		
Surplus for the year	16 129 500	16 129 500
Total changes	16 129 500	16 129 500
Opening balance as previously reported	30 509 219	30 509 219
Adjustments		
Correction of errors - 2022	2 662 390	2 662 390
Correction of errors - Prior to 2022	(69 422)	(69 422)
Restated* Balance at 01 April 2022 as restated*	33 102 188	33 102 188
Changes in net assets		
Surplus for the year	11 818 721	11 818 721
Total changes	11 818 721	11 818 721
Balance at 31 March 2023	44 920 909	44 920 909

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Other income		427 701	1 065 309
Grants		294 653 000	291 907 000
Interest income		2 466 044	1 502 769
		<u>297 546 745</u>	<u>294 475 078</u>
Payments			
Employee costs		(141 402 623)	(134 270 859)
Members remuneration		(25 686 264)	(27 382 645)
Suppliers		(61 665 705)	(58 525 552)
Transfers and subsidies		(56 884 822)	(65 505 129)
		<u>(285 639 414)</u>	<u>(285 684 185)</u>
Net cash flows from operating activities	24	<u>11 907 331</u>	<u>8 790 893</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1 439 361)	(2 174 888)
Purchase of intangible assets	9	(80 600)	-
Net cash flows from investing activities		<u>(1 519 961)</u>	<u>(2 174 888)</u>
Cash flows from financing activities			
Finance lease payments		(365 609)	(401 253)
Net increase/(decrease) in cash and cash equivalents		<u>10 021 761</u>	<u>6 303 936</u>
Cash and cash equivalents at the beginning of the year		53 440 474	47 136 539
Cash and cash equivalents at the end of the year	3	<u>63 462 235</u>	<u>53 440 475</u>

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Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	209 000	(209 000)	-	287 755	287 755	Note 26
Interest received - investment	717 000	(717 000)	-	2 473 456	2 473 456	Note 26
Total revenue from exchange transactions	926 000	(926 000)	-	2 761 211	2 761 211	
Revenue from non-exchange transactions						
Taxation revenue						
Donations received	-	-	-	-	-	
Transfer revenue						
Appropriation	294 653 000	6 526 000	301 179 000	294 653 000	(6 526 000)	Note 26
Total revenue from non-exchange transactions	294 653 000	6 526 000	301 179 000	294 653 000	(6 526 000)	
Total revenue	295 579 000	5 600 000	301 179 000	297 414 211	(3 764 789)	
Expenditure						
Employee related cost	(143 098 000)	(107 107)	(143 205 107)	(143 406 071)	(200 964)	Note 26
Members Remuneration	(24 533 000)	-	(24 533 000)	(25 953 654)	(1 420 654)	Note 26
Transfers	(57 181 000)	(1 541 000)	(58 722 000)	(57 948 289)	773 711	Note 26
Payment for capital assets	(4 569 000)	(1 566 601)	(6 135 601)	(1 473 616)	4 661 985	Note 26
Goods and services	(65 272 000)	(3 311 292)	(68 583 292)	(59 886 475)	8 696 817	Note 26
Total expenditure	(294 653 000)	(6 526 000)	(301 179 000)	(288 668 105)	12 510 895	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	926 000	(926 000)	-	8 746 106	8 746 106	

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Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Reconciliation						
Basis difference						
Claims recoverable recognised				345 296		Note 26
Accrual provision				686 640		Note 26
Operating lease straightlining				97 677		Note 26
Impairment				(133 680)		Note 26
Depreciation and Amortisation				(2 136 052)		Note 26
Finance lease capitalisation				325 463		Note 26
Statutory appropriation receivable				1 420 654		Note 26
Prepayments recognised				785 283		
Employee benefit obligations				336 881		
Capital expenses				1 344 450		Note 26
Actual Amount in the Statement of Financial Performance				11 818 718		

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

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

1.2 Accumulated surplus

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

1.3 Grants in aid

The entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1.4 Budget information

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.5 Significant judgements and sources of estimation uncertainty

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

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Receivables

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

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

Value in use of non-cash generating assets:

The entity reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions are raised and management determines an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 Payables from exchange transactions.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Useful life of property, plant and equipment and other assets

In the process of applying the Legislature's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

The useful life of assets is based on management's estimation. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful life, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful live and residual values of Assets:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine the useful life.
- The useful life determined with the compilation of the 2023 fixed asset register is based on a calculation of the past useful life from date of acquisition to year end 2023 plus the calculation of the remaining useful life based on a presentation on the condition and the useful life allocated to a new asset.
- For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Legislature's asset register;
- Cost of items with a similar nature in other Legislatures' asset registers, given that the other Legislatures have the same geographical setting as the Free State Legislature and that the other Legislatures' asset registers are considered to be accurate;
- Cost as supplied by suppliers or online information.

Post retirement benefits

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

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 13.

Effective interest rate

The entity uses the government bond rate to discount future cash flows.

Allowance for impairment

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.6 Property, plant and equipment

1.6.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Legislature. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an asset is acquired by the Legislature for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Heritage assets in use was reclassified as property, plant and equipment as a separate category. No depreciation is calculated as the asset are held indefinitely, and therefore the useful lives are undeterminable as the assets will be restored in its original form and condition after being in-use.

1.6.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Legislature replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful life of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are depreciated separately. The annual depreciation rates are based on the following estimated useful life in years:

Asset type	Years
Office Equipment	2-22
Lease Assets: Cell-phones	3-11
Lease Assets: Photocopiers	3
Furniture	1-25
Computer Equipment	2-22
Transport Assets	3-19

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.6 Property, plant and equipment (continued)

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:

Asset type	Years
Office Equipment	5
Lease Assets: Cell-phones	2
Lease Assets: Photocopiers	3
Furniture	10
Computer Equipment	4-5
Transport Assets	5

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The only indicator identified during the year relates to heritage assets with physical damage. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.6.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 Intangible assets

1.7.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Legislature recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Legislature intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Legislature has the resources to complete the project;
- it is probable that the Legislature will receive future economic benefits or service potential; and
- the Legislature can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.7.2. Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.7.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful life using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful life are amortised separately. The estimated useful life, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful life:

Intangible Assets	Years
Computer Software	3-13

New assets bought during the year will be allocated the useful life as follows, but a remaining useful life will be allocated at the end of each reporting year:

Intangible Assets	Years
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Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 Intangible assets (continued)

Computer Software

3

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error, depending on the specific circumstances.

1.7.4 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales' proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Heritage assets

1.8.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

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

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.8.2 Subsequent Measurement - Cost Model

After recognition as an asset, heritage assets are carried at its cost.

1.8.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance. Subsequent to initial measurement heritage assets are carried at cost less any accumulated impairment losses.

1.8.4 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.9 Related parties

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.9 Related parties (continued)

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

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

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

1.10 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 annual 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).

No events were identified.

1.11 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.12 Financial instruments

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

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

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

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.12 Financial instruments (continued)

Initial recognition

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

The Legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures all other financial assets and financial liabilities initially at fair value.

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

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.12 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or 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 uncollectibility 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.

For amounts due to the Legislature, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence 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.

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.12 Financial instruments (continued)

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

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

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

Financial liabilities

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

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

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

1.13 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Legislature. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Legislature uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de recognition of financial instruments are applied to lease payables.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.13 Leases (continued)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Legislature recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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 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.

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

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

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

Any contingent rents are recognised separately as revenue in the period in which they are received.

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 or liability.

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

1.14 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, then their costs are their fair value as at the date of acquisition.

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

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

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1.15 Impairment of cash-generating assets

Cash-generating assets are assets held by the Legislature with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-oriented Legislature, it generates a commercial return.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.15 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

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1.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

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

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

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

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

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

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Accounting Policies

1.16 Employee benefits (continued)

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the entity attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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1.16 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating expenditure.

If the entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

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 entity.

A contingent liability:

- 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;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 31.

1.18 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of Legislature assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

1.19 Revenue from non-exchange transactions

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

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

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

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 are 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 entity.

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

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

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

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

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Transfers

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

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

Services in-kind

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

For services in-kind that are not significant to the Legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type received during the reporting period are disclosed. Services in-kind are recognised as revenue and as assets.

1.20 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and

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Accounting Policies

1.20 Statutory receivables (continued)

- amounts derecognised.

Accrued interest

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

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

Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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

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

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.20 Statutory receivables (continued)

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

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

1.21 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

1.22 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

1.23 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

1.24 Irregular expenditure

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

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

All expenditure relating to irregular expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure recoverable is to be recognised as a receivable in the Statement of Financial Position, until received or written off.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Prepayments and Advances

Prepayments and Advances are expenses incurred by an entity in connection with travel and subsistence which is expensed once proof are submitted from the Legislature officials.

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

The effective date of the standard is for years beginning on or after 01 April 2023.

The entity expects to adopt the standard for the first time in the 2023/2024 annual financial statements.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2023.

The entity expects to adopt the revisions for the first time in the 2023/2024 annual financial statements.

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

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The entity expects to adopt the guideline for the first time in the 2099/2100 annual financial statements.

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

GRAP 104 (as revised): Financial Instruments

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

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

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

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

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

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

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. 01 April 2023.

The entity expects to adopt the interpretation for the first time in the 2023/2024 01 April 2023.

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

GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
 - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Include heading "Classification of property as investment property" (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
 - Added heading "Guidance on initially measuring self-constructed investment property at fair value"
 - Added clarification that investment property is measured at fair value at earliest of:
 - o completion of construction or development; or
 - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
 - Change in use involves an assessment on whether:
 - o property meets, or ceases to meet definition of investment property and
 - o evidence exists that a change in use has occurred
 - List of examples of a change in use is regarded as non-exhaustive

GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
 - Land has an unlimited useful life and cannot be consumed through its use

GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
 - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
 - If an entity obtains management services from another entity ("the management entity") the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
 - Management services are services where employees of management entity perform functions as "management" as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
 - Primary financial statements amended to "financial statements" or "face of the financial statements"

GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
 - Both under cost model or revaluation model

GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
 - Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

- Application guidance clarified
 - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
 - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

Directive 7 – The Application of Deemed Cost

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

The entity expects to adopt the improvements for the first time in the 2023/2024 annual financial statements.

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

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The entity expects to adopt the amendment for the first time in the 2025/2026 annual financial statements.

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

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	24	24
Bank balances	15 012 843	19 228 879
FNB Investment	48 449 369	34 211 571
	63 462 236	53 440 474

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2023	31 March 2022	31 March 2021	31 March 2023	31 March 2022	31 March 2021
FNB BANK Corporate Services Account 62113191796	15 012 843	19 228 879	5 785 105	15 012 843	19 228 879	5 785 105
FNB CALL ACCOUNT 62345381248	48 449 369	34 211 571	41 345 433	48 449 369	34 211 571	41 345 433
Petty cash	24	24	6 000	24	24	6 000
Total	63 462 236	53 440 474	47 136 538	63 462 236	53 440 474	47 136 538

4. Receivables from exchange transactions

Salary control account and inter bank transfers	459	-
Creditors with debit balances	123 083	128 603
Deposits paid to suppliers	654 320	654 320
Staff debt	571 182	545 853
Claims recoverable	471 520	191 583
PPE disposals receivable	2 500	-
	1 823 064	1 520 359

Trade and other receivables pledged as security

None of Trade and other receivables were pledged as security.

Credit quality receivables from exchange transactions

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Gross Receivables

Reconciliation of provision for impairment for receivables from exchange transactions

Staff debt	358 434	358 434
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Fair value of trade and other receivables

Trade and other receivables past due but not impaired

The ageing of these Receivables exchange transactions is as follows:

0 - 6 Months	302 546	-
6 - 12 Months	28 320	28 320
Older than 12 months	544 948	545 853

The receivables from exchange transactions being staff debt and claims recoverable are recoverable within 12 months from the FSL staff and political parties and not considered for impairment.

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from non-exchange transactions		
Recoverable expenditure	50 000	50 000
Government grants and subsidies	1 420 654	-
Department of Public Works	6 284	6 284
	1 476 938	56 284
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Appropriations	1 420 654	-
Financial asset receivables included in receivables from non-exchange transactions above	56 284	56 284
Total receivables from non-exchange transactions	1 476 938	56 284

The credit quality of other trade and other receivables from non-exchange that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Receivables from non-exchange transactions not impaired

The ageing of these Receivables from non-exchange transactions is as follows:

0 to 6 months	1 420 654	-
Over 6 months	56 284	56 284

6. Prepayments

At the beginning of the year	475 388	347 561
Advance	252 411	311 840
Repayments	(400 260)	(184 013)
Microsoft software licence paid in advance	785 282	-
	1 112 821	475 388

Prepayments and Advances are expenses incurred by an entity in connection with travel and subsistence which is expensed once proof are submitted from the Legislature officials.

Balances classified as Receivables from exchange transactions

Prepayments	327 539	475 388
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7. Inventories

Consumables	550 342	421 274
Inventories recognised as an expense during the year	784 789	421 274

Inventory pledged as security

None of the inventories were pledged as security.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2023				2022			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value		
Furniture and fixtures	6 430 532	(4 654 859)	1 775 673	6 747 293	(4 649 953)	2 097 340		
Motor vehicles	7 156 598	(3 147 367)	4 009 231	6 063 556	(2 704 014)	3 359 542		
Office equipment	7 344 613	(4 117 455)	3 227 158	7 852 522	(4 221 962)	3 630 560		
IT equipment	6 246 449	(4 281 151)	1 965 298	7 251 927	(4 513 940)	2 737 987		
Heritage assets (In-use)	3 319 550	(133 680)	3 185 870	3 319 550	-	3 319 550		
Total	30 497 742	(16 334 512)	14 163 230	31 234 848	(16 089 869)	15 144 979		

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	2 097 340	142 587	(107 891)	(356 363)	-	1 775 673
Motor vehicles	3 359 542	1 093 042	-	(443 353)	-	4 009 231
Office equipment	3 630 560	235 666	(31 636)	(607 432)	-	3 227 158
IT equipment	2 737 987	21 061	(89 931)	(703 819)	-	1 965 298
Heritage assets (In-use)	3 319 550	-	-	-	(133 680)	3 185 870
	15 144 979	1 492 356	(229 458)	(2 110 967)	(133 680)	14 163 230

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 978 715	512 094	(1 385)	(392 084)	2 097 340
Motor vehicles	3 904 443	-	-	(544 901)	3 359 542
Office equipment	3 783 415	554 119	(1 074)	(705 900)	3 630 560
IT equipment	2 536 402	1 123 828	(32 225)	(890 018)	2 737 987
Heritage assets (In-use)	3 319 550	-	-	-	3 319 550
	15 522 525	2 190 041	(34 684)	(2 532 903)	15 144 979

Pledged as security

Hire Purchases and Leases are secured by property, plant and equipment - Note 37.

A register containing the information required by section 30 of the FMPPLA is available for inspection at the registered office of the Legislature.

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Office equipment
Modernisation of the Fourth Raadsaal project is under investigation. No impairment loss is recognised as there is no lost service potential. Assets are still new in box and can be installed or sold.

2 265 152	2 565 152
2 265 152	2 565 152



Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Office equipment	Total
Opening balance	2 265 152	2 265 152

Reconciliation of Work-in-Progress 2022

	Included within Office equipment	Total
Opening balance	2 265 152	2 265 152

The work in progress relates to the ongoing investigation into modernisation of the 4th Raadsaal.

Effect of changes in accounting estimates on Property Plant and Equipment

The remaining useful life of all plant and equipment were recalculated based on the condition assessment performed. A percentage based on a NT guideline were allocated according to the condition and multiplied by the years allocated to the categories new useful life. In addition, the residual value of motor vehicles were estimated in 2022 to be R1 873 800. In the current period management estimated it to be R2 954 700. The effect of this revision has decreased the depreciation charges for the current and future periods by:

	2023	2024	2025
Depreciation expected	2 110 967	2 110 967	2 110 967
Effect on Depreciation	(401 304)	(231 644)	(225 884)
	(1 709 663)	(1 879 323)	(1 885 083)

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2023				2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value		
Computer software	1 286 606	(1 181 103)	105 503	1 248 689	(1 197 153)	51 536		

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	51 536	80 600	(1 547)	(25 086)	105 503

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	103 072	(51 536)	51 536



Free State Legislature

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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10. Services in Kind

Department of Public Works-4th Raadsaal	4 082 611	1 300 000
South African Police Services	1 231 853	1 192 500
EU Parliamentary Commission	-	-
	5 314 464	2 492 500

The Free State Legislature makes use of the Fourth Raadsaal building, which is the property of the Department of Public Works, .

The South African police Service provides National Key Point access control services to Free State Legislature. Theses services were provided for the entire reporting period.

11. Payables from exchange transactions

Trade payables	2 473 257	2 790 732
Subsistence & Travelling Accruals	95 158	-
Salary suspense	1 823 423	45 823
Unallocated deposits	118 409	118 409
Accrued leave pay	5 626 893	6 179 653
Provision for leave	1 345 890	1 184 003
Accrued payroll expense	6 707 676	7 992 497
Accrued bonus provision	3 686 038	3 560 046
Political parties	162 967	(10)
Social club	119 500	-
Sport club	653 935	538 335
Interdepartmental Claim-Police	43 540	-
	22 856 686	22 409 488

12. Operating lease liability

Non-current liabilities	1 233 176	2 071 127
Current liabilities	837 950	97 677
Balance at the beginning of the year	2 168 804	1 529 118
Movement during the year	(97 677)	639 686
	2 071 127	2 168 804

The lease is in respect of Southern Life Plaza being leased for a period until January 2025. Free State Legislature is leasing offices from Mowana Properties for a period of 36 months with 8% escalations per year. Free State Legislature is leasing a Docuware system from Nashua for a period of 36 months with 7% escalations per year.

The lease in respect of a Docuware system continues on a month to month contract.

Future operating lease payments

Up to 1 year	11 654 376	11 224 678
2 to 5 years	10 061 997	21 716 374
	21 716 373	32 941 052

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

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13. Employee benefit obligations

The amounts recognised in the Statement of Financial Position are as follows:

Carrying value

Fair value of reimbursement rights	(12 561 000)	(12 633 000)
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The fair value of plan assets includes:

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

Opening balance	12 633 001	20 966 001
Interest cost	935 000	702 000
Expected benefit	-	(1 238 000)
Actuarial (gains) / losses	(1 007 000)	326 000
Net transfer between divisions	-	2 064 000
Long service cost reversal	-	(10 187 000)
	12 561 001	12 633 001

Net expense recognised in the Statement of Financial Performance

Current Service cost	-	-
Interest Cost	935 000	702 000
Expected benefit	-	(1 238 000)
Actuarial (gains) losses	(1 007 000)	326 000
Net transfer between divisions	-	2 064 000
	(72 000)	1 854 000

Key assumptions used

Assumptions used at the reporting date:

Pre-retirement mortality: Males and females: SA85-90(light)and normal retirement age: 65 years.

Discount rates used	8,40 %	7,40 %
Asset return	8,40 %	7,40 %
Price inflation	4,30 %	4,30 %
Salary inflation	4,30 %	4,30 %
Withdrawal from service at age 20	15,00 %	15,00 %
Withdrawal from service at age 25	10,00 %	10,00 %
Withdrawal from service at age 30	7,00 %	7,00 %
Withdrawal from service at age 35	4,00 %	4,00 %
Withdrawal from service at age 40	2,00 %	2,00 %

Other assumptions

The defined benefit obligation is particularly sensitive to the financial assumption. In the following table we have illustrated the sensitivity of the defined benefit obligation to changes in the discount rate and salary inflation assumptions at 31 March 2022.

	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation	12 547 000	12 576 000

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13. Employee benefit obligations (continued)

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The entity is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plans which is are a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the entity to account for the plans as a defined benefit plans. The entity accounted for this (these) plans as a defined contribution plans:

14. Other Income

Insurance Claims and other income	237 261	286 991
Supplier interest reversed	12 669	-
	249 930	286 991

15. Interest Revenue

Interest revenue

Cheque Account	721 429	332 310
Investment Account	1 714 446	1 133 138
Staff debt	30 169	37 322
	2 466 044	1 502 770

16. Government grants and subsidies

Operating grants

Annual appropriation	270 120 000	264 795 460
Statutory appropriation	25 953 654	25 783 540
	296 073 654	290 579 000

Statutory appropriation

Balance unspent at beginning of year	186 938	-
Current-year receipts	24 533 000	25 970 478
Conditions met - transferred to revenue	(25 953 654)	(25 783 540)
Fund surrendered to FSPT	(186 938)	-
Receivable recognised - note 5	1 420 654	-
	-	186 938

Annual appropriation:

FSL used its retained revenue amounting to R6 526 000 in terms of Section 23(1) of Financial Management of Parliament and Provincial legislatures Act, 2009.

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17. Employee related costs		
Accrual leave expense	(390 874)	189 708
Accrual service bonus	125 992	60 054
Acting allowance	440 636	624 231
Basic	89 560 244	87 603 485
Bonus	7 547 835	7 206 232
Car allowance	6 065 249	5 779 464
Cellphone allowances	824 176	825 600
Defined contribution plans	15 412 006	14 654 416
Head of department allowances	291 978	114 981
Housing benefits and allowances	5 826 115	5 330 935
Leave payments	4 121 556	4 028 627
Long-service awards paid	-	(10 187 000)
Medical aid - company contributions	6 022 910	5 643 908
Non-Pensionable Allowance	4 204 954	3 770 932
Overtime payments	1 460 695	545 872
UIF	332 754	320 724
Uniform allowance	10 141	12 424
	141 856 367	126 524 593
Key management		
Remuneration of the Secretary		
Annual Remuneration	1 810 852	1 611 506
Car Allowance	579 348	508 854
Bonus	143 556	132 091
Contributions to UIF, Medical and Pension Funds	372 897	340 282
Cellphone Allowance	28 200	26 100
Housing allowance	48 300	46 223
Acting allowance	-	36 985
HOD allowance	291 978	114 981
Non pensionable allowance (once off)	-	22 000
	3 246 930	2 839 023
Remuneration of Chief Financial Officer		
Annual Remuneration	1 681 418	1 585 089
Car Allowance	497 760	476 324
Cellphone allowance	24 600	24 600
Contributions to UIF, Medical and Pension Funds	324 014	316 498
Housing allowance	48 300	46 223
Bonus	138 035	132 091
Non pensionable allowance (once off)	-	22 000
	2 714 127	2 602 825
Remuneration Joint Management		
Annual Remuneration	9 042 949	10 021 831
Car Allowance	2 499 744	2 889 521
Cellphone allowance	119 942	122 400
Contributions to UIF, Medical and Pension Funds	1 730 478	2 178 373
Housing allowance	324 402	277 339
Bonus	809 886	835 153
Acting allowance	2 702	42 828
Non pensionable allowance	-	176 000
	14 530 103	16 543 445

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18. Members remuneration

Basic Salary	13 556 822	12 991 470
Non pensionable allowance	3 140 838	3 194 517
Car allowance	1 933 331	1 984 518
Public office bearer allowance	2 250 000	2 260 000
Medical allowance	1 572 990	1 585 186
Political pension fund	3 499 672	3 303 414
Gratuity	-	2 063 540
	25 953 653	27 382 645

Remuneration of the Speaker - NB Sifuba

Annual remuneration	1 157 532	1 066 677
Public office bearer allowance	120 000	120 000
Medical and pension fund	356 953	338 888
Non pensionable allowance	461 978	452 708
	2 096 463	1 978 273

19. Transfers and subsidies

Constituency allowance	30 591 191	26 801 430
Office allowance	20 192 697	28 532 196
Study allowance	281 915	271 170
Research allowance	5 819 019	9 900 333
	56 884 822	65 505 129

Transfers and subsidies as disclosed for an amount of R56 884 822 (2022: R65,505,129) relates to transfers to political parties to enable the political parties to establish and maintain their own administrative infrastructure and general support services to members and party leadership. The expenditure vest with political parties and must be accounted for annually to the Legislature. In terms of Section 6 of the Political Party Fund Act, 2008 (Act no 3 of 2008) and prescribed policy requires that the books and records of account of every represented political party must be audited by a public accountant and auditor registered and practicing as such in terms of the Public Accountants and Auditors Act 1991 (Act no 80 of 1991) within prescribed timeframes.

20. Finance Cost

Finance leases	40 146	55 352
Interest cost - Employee benefit obligation	935 000	702 000
Other interest paid	-	72
	975 146	757 424

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21. General expenses		
Advertising	1 132 528	1 130 809
Assets Expensed	14 578	478 979
Audit Fees	5 715 066	6 972 169
Bank charges	88 054	88 490
Catering	2 554 765	1 465 829
Cleaning	6 201	7 048
Communications	1 577 081	1 820 005
Computer Expenses	2 496	65 280
Consulting and professional fees	5 548 464	5 340 255
Consumables	560 130	762 041
Donations-Speakers Activities	1 063 467	1 155 054
Flowers	22 700	893
Fuel and oil	769 200	420 941
License and Subscriptions	2 757 187	216 996
Maintenance cost	172 548	108 098
Motor vehicle expenses	190 939	167 893
Performers and artists	8 264	61 810
Printing and publications	489 204	829 838
Protective Clothing	119 570	137 121
Relocation cost	105 500	63 300
Rental: equipment and facilities	5 834 036	9 294 246
Study aid	889 924	652 284
Subscriptions and membership fees	2 010 522	779 835
Telephone and fax	1 016 323	1 055 580
Training	479 231	290 247
Transport and freight	639 588	132 171
Uniforms	74 490	174 290
	33 842 056	33 671 502
22. Property payments		
Office rent	17 671 914	12 915 173
Garden services	120 000	120 500
Insurance	875 516	632 462
Municipal services	3 249 067	2 949 707
	21 916 497	16 617 842
23. Travel and subsistence		
Travel - local	7 982 677	5 228 016
Travel - overseas	1 320 697	114 639
	9 303 374	5 342 655

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24. Cash generated from operations		
Surplus	11 818 721	16 129 500
Adjustments for:		
Depreciation and Amortisation	2 136 052	2 584 440
Loss on sale of assets and liabilities	178 011	19 531
Impairment of assets	133 680	-
Post Retirement Benefit	-	(8 333 000)
Actuarial (gain)/Loss	(1 007 000)	326 000
Leave Pay Provision	(390 873)	189 708
Accrued Bonus Provision	125 992	60 054
Accrued Payroll	492 779	806 828
Subsistence & Travelling Accruals	95 158	-
Finance costs	975 146	757 424
Interdepartmental Claim-Police	43 540	-
Movement in operating lease	(97 678)	639 614
Social club	119 500	-
Sport club	115 600	-
Changes in working capital:		
Inventories	(129 068)	(13 571)
Receivables from exchange transactions	(302 705)	1 546 879
Other Receivables from non-exchange transactions	(1 420 654)	1 175 179
Prepayments	(637 433)	(127 806)
Unspent conditional grants and receipts	(186 938)	186 938
Trade and other payables	(317 476)	(6 652 925)
Political Parties suspense	162 977	(503 900)
	11 907 331	8 790 893

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25. Commitments

Authorised expenditure

Operating leases

• Mowana Properties	238 241	793 634
• Southern Life Plaza	21 478 134	32 147 420
	21 716 375	32 941 054

Approved and not yet contracted for

• Xerox	302 946	580 722
• Nashua	-	87 832
• Xhibit	3 452 586	3 148 112
• Thepa trading	1 708 859	-
• Bidvest	21 487	64 460
• Siswe Buhle	280 000	160 000
• PWC	150 636	692 802
• AFRISIX	115 383	-
• Microsoft Ireland Operations Ltd	6 042 273	-
	12 074 170	4 733 928

Total operational commitments

Already contracted for but not provided for	21 716 375	32 941 054
Not yet contracted for and authorised by member	12 074 170	4 733 928
	33 790 545	37 674 982

Errors were identified on the 2022 commitments register and corrected as follows:

Operational commitments previously reported	-	35 473 638
Mathematical errors	-	88 515
Omission of contracts	-	917 261
Payment in incorrect accounting period	-	1 195 567
	-	37 674 981

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26. Budget differences

Basis differences - Cash Flow	Reconciliation
Profit as per budget statement	8 746 106
(Increase) / Decrease in inventories	(129 068)
(Increase)/decrease Receivables	(592 779)
(Increase)/decrease Prepayments and advances	(637 433)
Increase/(decrease) in payables	525 140
Accrual provision	864 651
Statutory receivable	1 420 654
Finance lease capitilisation	365 609
Expenditure capital assets	1 344 450
Net increase/(decrease) in cash and cash equivalents	11 907 330

Material differences between budget and actual amounts.

26.1 **Other income:** Variance is not considered to be material.

26.2 **Interest received:** Interest revenue not considered during budget process.

26.3 **Annual appropriation:** Adjustment budget approved with condition that the adjustment of R656000 should be funded from surplus funding of FSL.

26.4 **Employee related cost:** Variance is not considered to be material.

26.5 **Members Remuneration:** Members general increment 05/2022 not budgeted for. Overspending to be reimbursed by Treasury.

26.6 **Transfers and subsidies:** Salary increments to political support was in line with general increment of FSL staff.

26.7 **Payment for capital assets:** Fleet additions and IT equipment replacements tenders not completed in time.

26.8 **Goods and services:** Refer to accrual payments in the 2023/24 financial year and slow spending trends by Portfolio Committees.

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27. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	696 765	696 765
Receivables from non-exchange transactions	56 284	56 284
Cash and cash equivalents	63 462 238	63 462 238
	64 215 287	64 215 287

Financial liabilities

	At amortised cost	Total
Finance lease obligations	284 413	284 413
Payables from exchange transactions	4 435 377	4 435 377
Operating lease liability	2 071 126	2 071 126
	6 790 916	6 790 916

2022

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	674 456	674 456
Receivables from non-exchange transactions	56 284	56 284
Cash and Cash Equivalents	53 440 474	53 440 474
	54 171 214	54 171 214

Financial liabilities

	At amortised cost	Total
Operating lease liability	2 168 804	2 168 804
Finance lease obligation	609 875	609 875
Payables from exchange transactions	2 836 555	2 836 555
	5 615 234	5 615 234

The prior year disclosure was corrected to remove items not meeting the definition of financial instrument.

Financial assets previously reported: R55 051 233

Financial liabilities previously reported: R28 033 765

28. Auditors' remuneration

Fees	5 715 066	6 972 169
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29. Prior-year error

Statement of financial position

2022

The prior year has been amended to account for prior period errors.

Recovering of long outstanding staff debt amounting to R34 117 from an official who left employment 31 January 2020 after finalising his disciplinary case on the grounds of absence without permission for a period more than 3 days.

Accounting for unused statutory appropriation unspent funds were surrendered back to Free State Provincial Treasury on 29 November 2022 amounting to R186 938.

Seobe attorneys invoice not recorded in accounting records amounting to R68 711 increase in payables and Opening accumulated surplus..

National Real Estate invoices erroneously recorded in accounting records amounting to R2 914 306 decrease in expenditure and payables.

Duplicated assets removed from asset register. Correction results in decrease in Depreciation expense by R4 579, increase in general expenses by R4 999, decrease in Opening accumulated surplus by R19 039 and decrease in property, plant and equipment by R19 459.

Assets not recorded on fixed asset register. Correction results in increase in Depreciation expense by R3 842, increase in Opening accumulated surplus by R18 328, and increase in Property, plant and equipment by R14 486.

Disposals not recorded on fixed asset register. Correction results in decrease in Depreciation expense by R1 454, increase in general expenses by R15 155, decrease in Property, plant and equipment by R30 771 and increase in Loss on disposal of assets by R17 070.

The current portion of Operating lease liability was not separately presented on the Statement of Financial Position. The correction results in the decrease in Non-current operating lease liability by R97 677 and the increase in Current operating lease liability by the same amount.

Cash flow statement: Movements in prepayments were incorrectly included in cash flows from Other income, instead of payments to suppliers. The correction results in decrease in Receipts from other income by R768 561 and decrease in Payments to suppliers by the same amount.

	As previously reported	Correction of error	Restated
Inventories	421 274	-	421 274
Receivables from exchange transactions	1 554 475	(34 117)	1 520 358
Receivables from Non-exchange Transactions	56 284	-	56 284
Prepayments and Advances	475 388	-	475 388
Cash and cash equivalents	53 440 474	-	53 440 474
Property, Plant and Equipment	15 176 553	(31 574)	15 144 979
Intangible assets	51 536	-	51 536
Current Portion of Finance lease obligations	(325 463)	-	(325 463)
Current Operating lease liability	-	(97 677)	(97 677)
Trade and Other Payables from Exchange Transactions	(25 255 085)	2 845 597	(22 409 488)
Unspent Statutory appropriation	-	(186 938)	(186 938)
Non-current Finance lease obligations	(284 413)	-	(284 413)
Non-current Employee Benefits	(12 633 000)	-	(12 633 000)
Non-current Operating Lease Liability	(2 168 804)	97 677	(2 071 127)
Opening Accumulated surplus	(17 042 110)	69 422	(16 972 688)
	13 467 109	2 662 390	16 129 499

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29. Prior-year error (continued)

Statement of financial performance

2022

	As previously reported	Correction of error	Restated
Other income	286 991	-	286 991
Interest received - investments	1 502 769	-	1 502 769
Service in-kind	2 492 500	-	2 492 500
Government grants & subsidies	290 765 938	(186 938)	290 579 000
Employee related costs	(126 490 477)	(34 116)	(126 524 593)
Members remuneration	(27 382 645)	-	(27 382 645)
Transfers and subsidies	(65 505 129)	-	(65 505 129)
Depreciation and Amortisation	(2 586 545)	2 106	(2 584 439)
Finance Cost	(757 424)	-	(757 424)
Loss/(gain) Assets	(2 461)	(17 070)	(19 531)
Property Payments	(19 532 148)	2 914 306	(16 617 842)
General expenses	(33 655 604)	(15 898)	(33 671 502)
Travel and Subsistence	(5 342 655)	-	(5 342 655)
Actuarial gains/losses	(326 000)	-	(326 000)
Surplus for the year	13 467 110	2 662 390	16 129 500

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29. Prior-year error (continued)

Cash flow statement

2022

Cash flow from operating activities

	Amount as previously reported	Prior period error	Adjusted amounts
Receipts - Other income	1 833 870	(768 561)	1 065 309
Receipts - Grants	291 907 000	-	291 907 000
Receipts - Interest received	1 502 769	-	1 502 769
Payments - Employee cost	(134 270 859)	-	(134 270 859)
Payments - Members remuneration	(27 382 645)	-	(27 382 645)
Payments - Suppliers	(59 278 216)	752 663	(58 525 553)
Payments - Transfers and subsidies	(65 505 129)	-	(65 505 129)
	8 806 790	(15 898)	8 790 892

Cash flow from investing activities

	Amount as previously reported	Prior period error	Adjusted amounts
Purchase of Property, plant and equipment	(2 190 786)	15 898	(2 174 888)

Reconciliation of Cash generated from operations

	Amount as previously reported	Prior period error	Adjusted amounts
Surplus (deficit)	13 467 110	2 662 389	16 129 499
Depreciation and amortisation	2 586 545	(2 105)	2 584 440
Loss on sale of assets	2 461	17 070	19 531
Post retirement benefit	(8 333 000)	-	(8 333 000)
Actuarial (gain)loss	326 000	-	326 000
Accrued bonus provision	60 054	-	60 054
Leave Pay Provision	189 708	-	189 708
Accrued payroll expense	806 828	-	806 828
Subsistence & Travelling Accruals	757 424	-	757 424
Finance cost	639 614	-	639 614
Inventories	(13 571)	-	(13 571)
Receivables from exchange transactions	1 546 879	-	1 546 879
Other Receivables from non-exchange transactions	1 141 062	34 117	1 175 179
Unspent conditional grants and receipts	186 938	-	186 938
Prepayments	(127 806)	-	(127 806)
Trade and other payables	(3 738 619)	(2 914 306)	(6 652 925)
Political Parties suspense	(503 900)	-	(503 900)
	8 993 727	(202 835)	8 790 892

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30. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: liquidity risk and credit risk.

The only interest-bearing asset relates to bank accounts, and the risk relating to interest-rate fluctuations is not considered to be significant to warrant hedging against interest-rate movements.

The entity mainly transacts in local currency and is therefore not exposed to significant foreign exchange risk.

Liquidity risk

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant. The balances that are exposed to risk are disclosed below, not only balances that meet the definition of financial liability:

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	24 040 688	-	-	-
Finance lease obligations	226 086	76 860	-	-
At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	22 409 488	-	-	-
Finance lease obligations	365 608	226 086	76 860	-

Credit risk

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

Receivables comprise mainly of staff debt, which is recovered monthly from salary deductions.

Cash and Cash equivalents	63 462 236	53 440 774
Prepayments	1 112 821	475 388
Receivables from exchange transactions	1 823 064	1 520 359
Receivables from non-exchange transactions	1 476 938	56 284

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity has no significant exposure to interest rate risk.

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31. Contingencies		
Contingent liabilities		
MEC Police	14 996	14 996
CCMA Case	367 800	367 800
Mangaung Metro Municipality	-	421 035
Modernisation of Raadsaal	350 000	1 378 655
Central Plaza Investment	200 000	604 599
Thandiwe Reachable Vs The ANC and Others	350 000	495 920
Tshidiso Nico Nkhole Vs FSL	-	1 851 983
Central Plaza investment vs FSL	250 000	-
Seroue Marule vs FSL	300 000	-
	1 832 796	5 134 988

Claims against the Legislature

1. MEC Police, Roads & Transports / Vehicle accident case:

Intended engagement between the driver of a former Speaker with State Attorneys with a view to resolve the matter yielded no results. Due to time-lapse, Legal Services agreed to apply for write-off.

2. Labour:

The case is based on unfair labour practise. Case remains pending.

3. Mangaung Metro Municipality:

Legal Services confirms dispute concerning Mangaung overcharging water at Raadsaal. No disclosure for 2023 as Legal Services advised that no litigation is involved yet and recoverability is not probable in management's judgement.

4. Modernisation of Raadsaal

Review Application (Case 5243/2021) pending, still at pleading stage. FSL terminated services of Tshanganana Attorneys.

5. Central Plaza Investment:

Summons for the recovery of amount to the Service Provider. Counsel has been appointed. Reference State Attorney.

6. Thandiwe Reachable

Review application (case 5283/2021) against the decision by the ANC to review its party list. Applicant Reachable felt aggrieved by the process.

7. Tshidiso Nico Nkhole .

Legal Services confirmed no court papers issued, matter does not qualify as contingent , case removed.

8. Central plaza Investment

Central Plaza Investment summons a claim against the Legislature for event services rendered. Case referred to State Attorney.

9. Seroue Marule Case

Notice of Motion was received by the Legislature

32. Related parties

Department of Public Works

Occupation of the Fourth Raadsaal Free of charge-
Refer to note on Services in Kind

Key management and members

Refer to note 17 & 18

33. Events after the reporting date

Management is not aware of any events after the reporting date requiring adjustment.

After the reporting date, 31 March 2023, a 3.8% members remuneration increase was recommended by the Independent Commission for the Remuneration of public office bearers. This increase was with effect from 1 April 2021 to 31 March 2022. The increase has however not been approved by the President of the Republic.

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34. Fruitless and wasteful expenditure

Opening balance as previously reported
Correction of prior period error

429 800 1 312 890
- (260 020)

Opening balance as restated

Add: Expenditure identified - current
Less: Amounts recoverable - officials and suppliers
Less: Amounts condoned - prior period

429 800 1 052 870
17 145 136 957
(217 570) (626 124)
(180 846) (133 903)

Closing balance

48 529 429 800

The correction of prior period error relates to the following:

1. An amount included in the register exclusive of VAT. Correction amounts to an increase in the opening balance amounting to R78 861
2. A case removed from the opening balance as it is still under investigation and not yet confirmed to be fruitless and wasteful expenditure. Correction results in the decrease in the opening balance by R388 881.

Expenditure identified in the current year include those listed below:

Catering	11 205	57 094
Public Transport	5 940	21 945
Accidents and repairs	-	40 355
Long service overpayment	-	17 563
Expenditure 5	-	-
	17 145	136 957

Disciplinary steps taken/criminal proceedings

None
None
None
None

In terms of Section 7.5 of the Guideline on Fruitless & Wasteful expenditure, the investigation into the Modernisation project at the Raadsaal, is still ongoing at the reported date of the Annual Financial Statements.



Free State Legislature

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35. Irregular expenditure

Opening balance as previously reported	702 072	7 857 878
Less: Amounts written off	702 072	7 857 878
Add: Irregular Expenditure - current	39 200	1 861 811
Less: Amount written off - current	(630 474)	(8 588 437)
Less: Prior period error	-	(429 180)
Closing balance	110 798	702 072

Prior period correction: Transaction was provisionally disclosed, however subsequent evidence confirms that transaction should not have been recorded as irregular. Supporting evidence is on record.

Analysis of Expenditure awaiting condonation per age classification

Current Year	39 200	702 072
Prior Years	71 598	-
	110 798	702 072

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35. Irregular expenditure (continued)

Incidents/cases identified include those listed below:

	Disciplinary steps taken/criminal proceedings	
Non compliance - extension of contract	None	-
SCM Process - Non compliance	None	39 200
Transport non-tax compliance	None	-
SCM Process - COVID 19 PPE Sourcing		-
[Other]		-
	39 200	1 861 811

Details of irregular expenditure written off by the Speaker after year-end

Condoned by (Condoning authority)

SCM Process - Tender Process not followed	-	4 855 007
SCM Process - Non compliance	630 474	3 733 430
Incident 3	-	-
	630 474	8 588 437



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36. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant is that the Legislature continue to be funded for the ongoing operations of the institution.

37. Finance lease obligation

Minimum lease payments due

Capitalised lease Liability - Armotised Cost	284 413	609 875
	284 413	609 875
less: Current portion transferred to Current liabilities	(209 692)	(325 463)
Total Long-term Borrowings	74 721	284 412

Finance lease loans on photocopiers at armotised cost is calculated at 10.25%/10.00%/5.26%/9.75% interest rate, with last maturity date of October 2024. Interest rates are linked to government borrowing rates. Refer below for descriptions, maturity date, effective interest rates of structured loans and finance. the loans are unsecured.

Present value of minimum lease payments due

Payable within 1 year	226 086	365 608
Payable within 2 to 5 years	76 860	302 946
less: Future Finance Obligation	(18 533)	(58 679)
Present value of finance lease obligations	284 413	609 875

Supplier	Description of Lease item ;	Effective interest Rate	Annual Escalation	Lease Term	Maturity Date
Gerox	Xerox C8055	10,25 %	- %3 years		2022/02/12
Gerox	Xerox C8055	10,25 %	- %3 years		2022/02/12
Nashua	MP2501	10,25 %	- %3 years		2022/02/11
Nashua	MP2501	10,25 %	- %3 Years		2022/02/11
Nashua	MP2501	10,25 %	- %3 Years		2022/02/11
Nashua	MP2501	10,00 %	- %3 Years		2022/11/30
Nashua	MP2501	10,00 %	- %3 Years		2022/11/30
Nashua	MP2501	10,00 %	- %3 Years		2022/11/30
Nashua	MP2501	10,00 %	- %3 Years		2022/11/30
Nashua	MP2501	10,00 %	- %3 Years		2022/11/30
Nashua	IMC6000	10,00 %	- %3 Years		2022/11/30
Gerox	ALTALINKC8 070	5,26 %	- %3 Years		2023/11/24
Gerox	ALTALINKC8 070	5,26 %	- %3 Years		2023/11/24
Gerox	Xerox Primelink C9070	9,75 %	- %3 Years		2024/10/11
Gerox	Xerox Primelink C9070	9,75 %	- %3 Years		2024/10/11

Non-current liabilities	74 721	284 413
Current liabilities	209 692	325 463
	284 413	609 876

Hire Purchases and Leases are secured by property, plant and equipment - Note 8.

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37. Finance lease obligation (continued)

38. Impairment of assets

Impairments

Property, plant and equipment

Numerous heritage assets were found with conditions of poor to very poor during the physical verification process. These assets were impaired to R1.

133 680

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39. Segment information

The Legislature has no segments which generates economic benefits or service potential. The divisions are divided into administrative units with no revenue earning activities. Therefore no segment information is disclosed as none of the divisions meets the definition of segments as per GRAP 18.05 and GRAP 18.08.

The Legislature operates mainly in Bloemfontein Free State with no other geographical regions.



[illegible]

[illegible]

[illegible]



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