



VOTE 2

FREE STATE LEGISLATURE



ANNUAL REPORT

2023/24



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Free State Legislature



Free-State-Legislature



Free State Legislature



**VOTE 2:
FREE STATE
LEGISLATURE
ANNUAL REPORT**

**FOR THE YEAR ENDING
31 MARCH 2024**

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PART A

GENERAL INFORMATION

FREE STATE LEGISLATURE

1. FOREWORD BY THE SPEAKER



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DEAR STAKEHOLDERS,

I wish to state that it is a privilege to table the Annual Report of the Free State Legislature for the year 2023-24. Let me also thank, from the outset, the Members and Administration of the Legislature for their dedication in successfully navigating the institution during the final phase of the 6th term.

My engagement with the Management team, since taking office, came with a realisation of the catastrophic financial situation in which the legislature finds itself, a position marked with a static baseline allocation which places enormous constraints on the institution to execute its constitutional mandate.

“

I am proud to announce that the Legislature maintained its status of clean audit. A remarkable achievement, considering the capacity and resource constraints.

(Hon. M.A Dukwana)





Despite the enormous challenges and constraints, I am proud to announce that the Legislature maintained its status of clean audit. A remarkable achievement, considering the capacity and resource constraints. The start of the 7th term requires a strategic plan which should centre around key priorities such as building a credible institution which is stable and of reputable stature. We should continue to strengthen the core mandates of law-making, oversight and public participation. A key priority which requires serious attention is funding support to represented political parties to not only execute their role within the context of constituency,

but also act in support of the Legislature with the public.

I also wish to extend a word of thanks to the Deputy Speaker Ndungane for diligently assisting me in the tasks vested with the position of Executive Authority.

Hon. M.A Dukwana
Speaker: Free State Legislature

31 July 2024

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FREE STATE LEGISLATURE ANNUAL REPORT 2023/24 (SUBMISSION)



To: Hon. M.A Dukwana

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
2023 to 31 March 2024.

A handwritten signature in black ink, consisting of a large, stylized loop followed by a vertical stroke.

Mr. M.J Machaka
Secretary to the Legislature

31 May 2024





W. VAN DER MERWE
ORANJEVRIJ
M.D. 1861
F.S.L.GOV.ZA

2. LEGISLATURE'S GENERAL INFORMATION

Free State Legislature



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3. LIST OF ABBREVIATIONS/ACRONYMS

The below table is a list of Abbreviations /acronyms used in this publication;

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	Tabling, Announcement and Committees (Programme of the Legislature)

4. Report of the **ACCOUNTING OFFICER**

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 2024 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 our country is celebrating 30 years of freedom, which coincide with the National Election where ordinary citizens are expected to exercise their hard earned right to choose their leadership. The sector has been able to adjust to various challenges confronting the province in executing its constitutional mandate and responsibility.

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 our communities a platform to participate in the parliamentary business of the province in accordance with the Constitution of the Republic of South Africa, 1996. In giving effect to section 118 of the Constitution, the Legislature has also been enjoined by section 114(1) to process proposed legislation before it by facilitating public involvement on the law-making processes. The Constitution further demanded that the Legislature conduct oversight over the provincial executive authority and provincial organs of State as contemplated in section 114(2) of the Constitution.

The Legislature also promoted the furtherance of cooperative governance with local government and other national organs of State, within the framework of the Constitution and legislation.

The Legislature has been an active participant at international level through, amongst others, the Commonwealth Parliamentary Association through the legislative sector. The Annual Performance Plan contained this activity in Programme 3 in the four programmes of the Legislature as resolved in the legislative sector.

The Financial Management of the programmes of the Legislature was governed by 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

Financial reporting in 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 of the Free State, who determines its appropriated funds on a modified cash basis. Due to this fact, the Legislature still have to 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, Act 10 of 2009, will be in accordance to General Recognised Accounting Principles (GRAP), with specific reference to financial information, 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 R345,689 million were appropriated and the Legislature recorded, 99% spending. The financial position of the Legislature can therefore be reported as sound for the year under review.

The medium term allocations, do however pose a serious risk, as severe cuts will have a negative bearing on the Legislature to execute its constitutional mandates.

4.2.1 Programme expenditure

	2022-23			2023-24		
Programme Name	Final Appropriation (R'000)	Actual Expenditure (R'000)	(Over)/Under Expenditure (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	(Over)/Under Expenditure (R'000)
Administration	169,625	157,183	12,442	200,552	199,486	1,066
Facilities & Benefits						
Political Parties	60,870	60,459	411	65,227	65,276	(49)
Parliamentary Services	46,151	45,414	737	50,901	50,894	7
Statutory - Members Remuneration	24,533	25,954	(1,421)	29,007	27,417	1,589
Total	301,179	289,010	12,169	345,689	343,075	2,614

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4.2.2 Virements / roll overs

A virement which had to address a shortfall of Members travel claims for party political work and constituents was appropriated through a special adjustment budget. Funds were shifted from the travel budget under Programme 1 : Administration to Programme 2 : Facilities and Benefits to Political Parties and Members.

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 Gifts and donations received in kind from non-related parties

No gifts were received.

4.2.6 Exemptions and deviations received from the National Treasury

None recorded.

4.2.7 Events after the reporting date

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.

4.2.8 Other

The Fourth Raadsaal is used to host all legislative sessions - this is referred to as a related party transaction. The South African Police is responsible for provision of security services at the Fourth Raadsaal, while the Department of Public Works is in charge of maintenance. This is as a result of the Fourth Raadsaal designated as the National Key Point.

APPROVAL

The annual financial statements set out as a separate Chapter have been approved. Once the audit opinion has been expressed, Chapter E : Financial Information will be inserted.

The Annual Financial Statements set out on pages 95 to 159 have been approved.



MJ Machaka**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 2024.

Yours faithfully



MJ Machaka

Secretary to the Legislature

31 May 2024

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 Political Parties

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

4.5.6 Administrative policies of the Legislature

A range of institutional policies in support of the Administration are applied.

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

4.5.9 Legislation covering financial and administrative management

Financial Management of Parliament and Provincial Legislatures Act, 2009

4.6 Organisational Structure

The Presiding Officers of the Legislature:

The Speaker to the Legislature is Hon. N.B Sifuba

The Deputy Speaker is Hon. L.N Mapena

The Chair of Chairs is Hon. K.W Bulwane

The Secretariat Officials:

The Secretary to the Legislature is Mr. M.J Machaka

The Deputy Secretary is Mr. S. Mabalane

The Chief Financial Officer is Mr. Q. Hugo

4.7 POLITICAL LANDSCAPE OF THE FREE STATE LEGISLATURE

4.7.1 Political Parties represented in the Legislature.

The seat allocation in the Legislature as of 31 March 2024

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 and such functions 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 of 31 March 2024:

- a. **Chief Whip (ANC and Legislature)** Hon. S Moleleki
- b. **DA** Hon. D. Janse van Vuuren
- c. **EFF** Hon. M.J Msimanga
- d. **FF+** Hon. A.B 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 for the Remuneration of Public Office-bearers that submits its recommendation annually to the President. Salary increases were affected only for specific categories of Members of the Legislature for the 2023/24 financial year. Reference to Government Gazette of 10 July 2023 (No 123 of 2023 - 48929)

4.7.5 Members of the Provincial Legislature as of 31 March 2024

[Excluding Premier and Members of Executive Council]

Member	Political Party	Portfolio
Hon. N.B Sifuba	ANC	Speaker
Hon. L.N Mapena	ANC	Deputy Speaker
Hon. K.W Bulwane	ANC	Chairperson of Chairpersons of Committees; Chairperson: Education, Health, and Social Development
Hon. M.S Moleleki	ANC	Chief Whip Chairperson: Public Works, Infrastructure, Roads, Roads, Transport and Human Settlements
Hon. V.W Tshabalala	ANC	Chairperson: Public Accounts and Finance
Hon. M.S Mashinini	ANC	Chairperson: Cooperative Governance, Traditional Affairs, Office of the Premier, Legislature and Police
Hon. M.M Tsiu	ANC	Chairperson: Agriculture, Rural Economic Development, Small Business, Sport, Arts & Culture
Hon. S.T Nxangisa	ANC	Chairperson: Petitions
Hon. M.A Koloji	ANC	Member
Hon. R. Jankielsohn	DA	Leader: Minority Party
Hon. D.E Janse van Vuuren	DA	Whip: Official Opposition
Hon L.M Kleynhans	DA	Member
Hon L.J Letuka	DA	Member
Hon. J Mokoena	DA	Member
Hon. M Pittaway	DA	Member
Hon. M.I Liphoko	EFF	Leader: Minority Party

Hon. M.J Msimanga	EFF	Member
Hon. L.J Nanyane	EFF	Member
Hon. A.M Tshabalala	EFF	Member
Hon. A.B Cloete	FF+	Leader: Minority Party

Member of the Executive Council (MEC)	Portfolio
Hon. M.A Dukwana	Premier
Hon. M.K Makume	MEC: Human Settlements, Cooperative Governance and Traditional Affairs
Hon. G. Brown	MEC: Finance
Hon. M.J Letsoha-Mathae	MEC: Community Safety, Roads, and Transport
Hon. D.K Mance	MEC: Public Works and Infrastructure
Hon. N.S Leeto	MEC: Health
Hon. T.P Meeko	MEC: Economic Development, Small Business Development, Tourism and Environment Affairs
Hon. M. Mohale	MEC: Education
Hon. T.Z Mokoena	MEC: Agriculture and Rural Development
Hon. L.P Mahasa	MEC: Sport, Arts, Culture and Recreation
Vacant	MEC: Social Development

4.7.6 Permanent Delegates to the National Council of Provinces as at 31 March 2024

Member	Political Party
Hon. M.L Moshodi	African National Congress
Hon. S.J Mohai	African National Congress
Hon. I. Ntsube	African National Congress
Hon. G. Michalakis	Democratic Alliance
Hon. M.S Moletsane	Economic Freedom Fighters
Hon. M.A De Bruyn	Freedom Front Plus



PART B

PERFORMANCE INFORMATION

5. Voted funds

5.1 Aim of Vote

The aim of Vote 2: Provincial Legislature is to provide:

- 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) For the remuneration of elected representatives and employees of the Legislature.

Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000
MCS	294 653	345 689	343 075	2 614

Executive Authority	Speaker
Administering Entity	Free State Legislature
Accounting Officer	Secretary to the Legislature

5.2 Constitutional and service delivery 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 search 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.

The strategic plan of the Legislature covers the period (2019 – 2024) and is supported by the Annual Performance Plan.

5.3 Organizational Structure

The Speaker to the Legislature, Hon NB Sifuba is the Executive Authority. The Secretary to the Provincial Legislature, Mr. MJ Machaka is the Accounting Officer of the Legislature. The Legislature has 195 approved posts on its organizational structure and currently has 159 posts filled.

5.4 Key Policy Development and Legislative changes

No legislative changes have been made. A new set of financial regulations will be introduced for the 7th term by Parliament.

5.5 Strategic Outcomes Oriented goals

Strategic Goal 1	Providing Leadership and strategic management in the Free State Legislature
Goal Statement	To develop an effective and efficient institution through improvement of institutional governance and policies, modern systems, and technologies, as well as the development of human resources.
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 Maximizing 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 on 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 mobilize 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 this goal's context that the legislature will promote and protect its citizens' rights and freedoms.
Links	This goal is linked to the broader national goal of deepening participatory democracy and contribute 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 2023/2024 whereby the quarterly assessments' outcomes have been incorporated.

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

The performance plan of the Legislature listed 12 strategic objectives and 63 performance indicators, recorded an achievement on 61 performance indicators, rating 96,8% on performance indicators.

Programmes	Number of performance indicators	Achieved	Not achieved	Comment
1. Institutional Leadership	41	40	1	Communication Strategy Workshop be postponed, to coincide with the 7th Administration, further allowing future integration of the South African Parliamentary Institute `s lessons learned from its Training Workshop
2. Core Business	19	18	1	No activities were planned for quarter 2 (two).
3. International Relations	1	1	0	Achieved
4. Members and Political Parties Support	2	2	0	Achieved
Total	63	61	2	

5.8 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 and Communication and Marketing Unit.
 - iii) The Finance Division includes the Financial Management Directorate and Supply Chain Management Directorate
 - iv) The Corporate Services Division includes the Human Resources Directorate and the Institutional Support Directorate.

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.

Sub-programme	Number of performance indicators	Achieved	Not achieved	Comment
Office of the Speaker	4	4	-	Achieved
Office of the Secretary	13	12	1	Communication Strategy Workshop be postponed, to coincide with the 7th Administration, further allowing future integration of the South African Parliamentary Institute `s lessons learned from its training Workshop
Office of the CFO (Finance and SCM)	12	12	-	Achieved
Corporate Services (Human Resource Management and Institutional Support)	12	12	-	Achieved
Total	41	40	1	

5.8.1.1 Office of the Speaker

Direct support services are rendered to ensure that the Office can meet its objectives and requirements. These include political, administrative, and operational matters. The sub-program 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	2022/23			2023/24		
	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	23 734	18 246	5 488	25 517	26 227	(710)

Programme 1: Institutional Leadership					
Sub-program: Office of the Speaker					
Programme Performance Indicator	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
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	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 performance reports and Quarterly expenditure reports	No deviation	None

Programme Performance Indicators	Actual Achievement 2022/2023	Planned target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Comment on Deviations
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 performance reports and Quarterly expenditure reports	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	Two (2) Budget submissions processed	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	12 Monthly in year monitoring reports to be submitted	No deviation	None
Enhancement of stakeholder partnerships with institutions supporting democracy (Chapter 9 & 10) and further engagements with other stakeholders	Indicator was reviewed for 2023/24 APP	Develop working relations with institutions supporting democracy (Chapter 9 and 10) and further engagements with other stakeholders	5 x meetings held with institutions supporting democracy (Chapter 9 & 10) and further engagements with other stakeholders	No Deviation	None

5.8.1.2 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 unit's role is limited to the execution of audits and ensuring fraud and corruption prevention, and to ensure 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.

Sub-Programme Name	2022/23			2023/24		
	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	57 182	55 262	1 920	77 698	78 125	(427)

Programme Performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
Timeframe for developed Annual Performance Plan in line with five- year strategy	1 x Annual Performance Plan Developed	Annual Performance Plan developed in line with five- year strategy developed on the 31st of January 2024	1 x Annual Performance Plan Developed in line with five-year strategy	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	9 x Legislature Management Meetings held	Legislature Management Meetings held (3) times a year and a report compiled for each session	7 x Legislature Management Meetings held	No deviation	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

Programme Performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievements 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
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	4 x Quarterly Reports Compiled on the implemented Security programme,	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

Public and Media relation services	36 Media Services provided in the last three months, 4 reports produced	One report on public and media relations services	132 public and media relations services, inclusive of 81 branding and 61 x promotional activities were provided and report produced.	No deviation	None
Annual review of Communication and Marketing Strategy	No report compiled	Workshop involving all key stakeholder with report of the outcome	Workshop involving all key stakeholder not held and No Report Compiled	Deviation	Communication Strategy Workshop postponed, to coincide with the 7th Administration, further allowing future integration of the South African Parliamentary Institute `s lessons learned from its Training Workshop
Strategic marketing systems and activities planned and concluded	42 Website Uploads. 1 successful Exhibition in the last three months and 13 Facebook uploads, 2 You tube uploads and 4 quarterly	Report on micro and macro marketing technics implemented	62 x Website Uploads. 21 x Facebook uploads, 2 You tube uploads done and 4 x Quarterly reports compiled	No Deviation	None

Key internal and external communication services provided	37 Facebook Uploads. 36 Designs completed. 17 Video Services provided. 39 Photography service provided and One in the last three months. 4 reports produced.	One report on key internal and external communication services provided	104 Photography, 61 Videography (Livestreaming), 93 Designs completed, and 4 (four) reports compiled.	No Deviation	None
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5.8.1.3 Office of the Chief Financial Officer (CFO)

Sub-Programme Name	2022/23			2023/24		
	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	50 752	47 746	3 006	55 255	54 810	445

Programme 1: Institutional Leadership					
Sub-Programme: Finance					
Programme Performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
Rendering of a Financial Management Service to the Institution	1 x Annual Report submitted	Perform budget planning and management of fiscal disciplines such as revenue, asset and expenditure and debtors	Budget planning and management of fiscal disciplines such as revenue, asset and expenditure and debtors were performed	No deviation	None

Submission of annual financial statements	1 x Annual Report submitted	1	1	No deviation	None
Submission of bi- annual financial statements	1 x Bi-Annual Financial Reports submitted.	1	1	No deviation	None
Submission 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	No deviation	None
Submission 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	No deviation	None
Submission of monthly In-Year-Monitoring (IYM) narrative reports to track expenditure and identify early warning signals	12 x IYM Reports submitted	12	12	No deviation	None
Proper monitoring and control over financial assets of the institution	12 x Bank Recons compiled and submitted	12	12	No deviation	None
Processing of Monthly Payroll	12 x Monthly Salaries Paid	12	12	No deviation	None

Submission 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	No deviation	None
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Programme 1: Institutional Leadership					
Sub-Programme: Supply Chain Management (SCM)					
Programme Performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
Rendering of an integrated Supply Chain Management Service	<u>Demand Management</u> - Maintain database and supplier compliance.	<u>Demand Management</u> - Maintain database and supplier compliance.	<u>Demand Management</u> - Maintained database and supplier compliance.	No deviation.	None.
	<u>Logistic Management</u> - Maintain effective warehouse management. - Maintain effective asset management. - Maintain supplier accounts management.	<u>Logistic Management</u> Maintain effective warehouse management. - Maintain effective asset management. - Maintain supplier accounts management.	<u>Logistic Management</u> Maintain effective warehouse management. - Maintain effective asset management. - Maintain supplier accounts management.	No deviation.	None.
	<u>Acquisition Management</u> - Improve compliance in procurement / transaction.	<u>Acquisition Management</u> - Improve compliance in procurement / transaction.	<u>Acquisition Management</u> - Improve compliance in procurement / transaction.	No deviation.	None.

1. Perform regular demand functions	12 x Monthly Regular Reports on Suppliers Information Updates and compliance.	Maintain database and supplier compliance	12 x Monthly Regular Reports on Suppliers Information Updates and compliance.	No deviation	None
2. Monthly stock count performed reconciled and reported	12 x Monthly warehouse counting reports compiled	Maintain effective warehouse management	12 x Monthly warehouse counting reports compiled	No deviation	None
3. Frequency of assets verification performed, movements (acquisition, transfers, disposal) updated and reported	12 x Monthly reports on acquisition, disposal, transfers, and verification (inventory lists completed) compiled	Maintain effective asset management.	12 x Monthly reports on acquisition, disposal, transfers, and verification (inventory lists completed) compiled	No deviation	None
4. Frequency and timeframe of supplier accounts reconciled and reported	4 x Quarterly reconciled reports of supplier accounts management compiled	Maintain supplier account management	4 x Quarterly reconciled reports of supplier accounts management compiled	No deviation	None
5. Improve compliance within the procurement process	4 x Quarterly Regulations Compliance Registers processed and submitted	Maintain compliance to regulations in procurement process	4 x Quarterly Regulations Compliance Registers processed and submitted	No deviation	None

Programme 1: Institutional Leadership					
Sub-Programme: Human Resources Management (SCM)					
Programme Performance Indicator	Actual Achievement 2022/2023	Planned target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
Develop and Implement HRM strategy and plan aligned to strategic plan 2019-2024.	Signed/ approved HRM plan Document submitted.	Draft HRM strategy and HRM plan aligned to strategic plan 2019-2024 developed, Adopted and Implemented by March 2024.	Signed/ approved HRM plan Document submitted.	No Deviation	None
Frequency & timeline for the development & implementation, of training and development plan, including an e-learning program and number of reports compiled.	4 Quarterly reports on staff training and development including an eLearning program was compiled.	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 compiled.	No deviation	None
Timeframe & Frequency of employment equity plan and review implementation.	Report on the review and implementation of the equity plan were compiled.	Report on the review and implementation of the employment equity plan.	Report on the review and implementation of the equity plan compiled.	No deviation.	None.
Timeframe & frequency of the review and update of institutional policies.	No policies were reviewed.	Institutional policies reviewed and updated, and report compiled and submitted by march 2024.	A report compiled on the 28 institutional policies that were reviewed and updated.	No deviation.	None.
Time and frequency of the development of labour relations program	4 quarterly reports compiled for development of health and wellness program and report compiled.	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	4 quarterly reports compiled for develop Health and Wellness program and report were compiled	Produce a report on promotion of health and wellness programs across the institution	4 quarterly reports compiled for develop Health and Wellness program and report were compiled	No Deviation	None
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Programme 1: Institutional Leadership					
Sub Program: Information and Communication Technology					
Programme Performance Indicator	Actual Achievement 2022/2023	Planned target 2023/2024	Actual Achievement 2023/2024	Deviation from Planned Target to Actual Achievement 2023/2024	Comments on deviation
Ensure ICT infrastructure maintenance	4 quarterly reports for maintenance of ICT infrastructure compiled	Maintained ICT infrastructure reports	4 quarterly reports for maintenance of ICT infrastructure compiled	No Deviation	None
Ensure availability of ICT services.	4 quarterly reports for ICT infrastructure availability reports.	ICT Services reports.	4 quarterly reports for ICT infrastructure availability reports.	No deviation	None
Ensure information security management	12 Monthly ICT backup reports compiled	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.	4 quarterly reports for Digitization and automated business processes	Digitization and automation of business processes reports.	4 quarterly reports for Digitization and automated business processes	No Deviation	None

Program 1: Institutional Leadership					
Sub Program: Household services					
Program performance indicator	Actual achievement 2022/2023	Planned target 2023/2024	Actual achievement 2023/2024	Deviation from planned target to actual achievement 2023/2024	Comments on Deviation
Ensure provision of communication benefits and gadgets	4 quarterly reports compiled	Allocated benefits and gadgets services provided	4 quarterly reports compiled	No deviation	None
Fleet and office maintenance	4 quarterly reports compiled	Fleet and office maintenance	4 quarterly reports compiled	No deviation	None

	2022/23			2023/24		
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	37 957	35 929	2 028	42 085	40 326	1 759

5.8.2 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:-
- i. Legislation and Oversight Directorate which includes:
 - (a) Committee section
 - (b) Research services
 - ii. Hansard Directorate
 - iii. Legal Services Directorate
 - ii. Public Participation Directorate,

The performance evaluation is based on the number (fractions permitted) of strategic objectives achieved or not. Programme 2: Core Business achieved 94.73% of its listed performance indicators.

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Core Business	19	18	1	No activities were planned for quarter 2 (two)

Sub-Programme Name	2022/23			2023/24		
	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	38 055	37 647	408	43 764	43 948	(184)

Programme 2: Core Business					
Sub-programme: Committee Section and Research					
Programme performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on deviation
Timeframe and frequency for development, implementation and updating of annual programme of committees	4 Quarterly reports compiled	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	Reports (24) compiled within 10 working days of the relevant committee deliberations	Committee reports are produced within 10 working days of the relevant committee deliberations	67 x Committee Reports compiled within 10 working days of the relevant committee deliberations	No deviation	None
Number and timeframe for sets of minutes produced for committee meetings.	Sets of minutes were produced within 5 working days of committee meetings (29).	Sets of minutes are produced within 5 working days of a relevant committee meetings	85 x sets of minutes were produced within 5 working days of committee meetings	No deviation	None
Number and timeframe for mandates compiled for committees	3 quarterly reports on Mandates compiled within a day of relevant committee deliberations and relevant mandates	Mandates compiled each within a day of relevant committee deliberations and relevant mandates are conferred accordingly to NCOP	4 Quarterly Reports Compiled on 16 Mandates each conferred accordingly with the NCOP, within a day of relevant committee deliberations.	No deviation	None
Number & frequency of APP analysis report for legislature committee	16 APP analysis reports compiled,	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 Annual reports analysis compiled	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.	64 x quarterly analysis reports compiled	Quarterly reports analysis produced for legislature committee	64 x quarterly analysis reports compiled	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, 4 quarterly reports produced.	Continuous updating of Legislature programmes in alignment with NCOP activities with quarterly reports submitted on updates made.	4 x NCOP activities were incorporated and updated in the legislature programme and 4 Quarterly reports produced	No Deviation	None

Sub-Programme Name	2022/23			2023/24		
	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	8 096	7 767	329	7 137	6 946	191

Programme 2: Core Business					
Sub-Programme: Legal Services					
Programme performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on deviation
Number and frequency of cases (litigation) managed on behalf of FSL	4 Quarterly reports compiled	Number and frequency of cases (litigation) managed on behalf of FSL	4 Quarterly reports compiled	No deviation	None

Number and frequency of policies, agreements, and contracts drafted, edited, and vetted	4 Quarterly reports compiled	Number and frequency of policies, agreements, and contracts drafted, edited, and vetted	4 quarterly reports compiled	No Deviation	None
Number and frequency of training and awareness session conducted on the Legal Services SOP, PAIA, PAJA and other relevant legislation	4 Quarterly reports compiled	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

Programme 2: Core Business					
Sub-Programme: Public Participation and Education					
Programme Performance Indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on Deviations
Number of public education and democracy workshops conducted.	Five (5) public education and democracy workshops conducted	Three (3) public education and democracy workshops conducted virtually and or/hybrid	Twenty-five (25) public education and democracy workshops conducted	No Deviation	None
Number of sectoral Parliaments conducted and reports compiled	Four (4) sectoral parliaments conducted virtually/hybrid and were achieved	Three (3) sectoral Parliaments conducted virtually and or hybrid	Two (2) sectoral parliaments conducted virtually and or hybrid and two quarterly reports compiled.	Deviation	No activities were planned for quarter two (2)
Number and frequency of petitions processed, and reports compiled.	Seven (7) petitions processed each within 90 days of receipt and two (2) 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 two (2) quarterly reports compiled.	No Deviation.	None

Programme 2: Core Business					
Sub-Programme: Hansard					
Programme performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on deviation
Number and frequency of Hansard records Compiled in digital and hardcopy by the end of March 2023.	18 x Hansard Records compiled	Compilation of all Hansard records in digital and hardcopy by the end of March	22 x Hansard Records compiled	No deviation	None
Number of official languages in which interpretation service was rendered during the sittings of the Legislature	47 x Interpretation services rendered.	Interpretation services rendered in three (3) official languages during sittings or committees of the Legislature.	60 x Interpretation services rendered in three (3) official languages during sittings and committees of the Legislature.	No Deviation	None
Number of official languages in which translation service was rendered during the sittings of the legislature	44 x Language Translation services rendered.	Translation services rendered in three (3) official languages during sittings or committees of the legislature	168 x Language Translation services rendered.	No deviation	None
Number of official languages in which transcription service was rendered during the sittings of the legislature	44 x Language Transcription services rendered.	Transcriptions services rendered in three (3) official languages during sittings or committees of the legislature.	131 x Language Transcription services rendered.	No deviation	None

Number and frequency of relevant language stakeholder events attended	Three (3) of the relevant language stakeholder events attended and a report compiled.	Working relationships improved with relevant language stakeholders through consistent engagement and event.	Four (4) relevant language stakeholder events were attended and a report compiled.	No deviation	None
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5.8.3 Programme 3: International Relations

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

Programme 3: International Relations					
Programme performance indicators	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comment on deviation
Strengthening participation of the legislature in international forums.	Two (2) Multilateral, committees, study exchange and parliamentary Hybrid and virtual engagements held, and a quarterly report prepared.	Multilateral, committees, study exchange and parliamentary Hybrid and virtual engagements	Two (2) Multilateral, committees and Parliamentary engagements were held both on hybrid and virtual engagements, and a quarterly report prepared.	No deviation	None

5.8.4 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.

Programme	Number of Performance indicators	Achieved	Not achieved	Comment
Members and Political Parties support	2	2	0	Achieved

Programme Name	2022/23			2023/24		
	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 and Political Parties Support	60 870	60 459	411	65 227	65 276	(49)

Programme 4: Members and Political Parties Support					
Performance Indicator	Actual Achievement 2022/23	Planned target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Comments on deviation
Ensure payments to Members and Political Parties in accordance with legislation and policies	4 x Quarterly Reports on support services, have been compiled and submitted	Payment to political parties according to timeframes, legislation and policies	Payments to all political parties in respect on constituent, wages, research, office and political party grants were processed monthly and in terms of semester schedules	No Deviation	None
Number of reports compiled on services provided to Members	4 x Quarterly 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



PART C

GOVERNANCE

An Activist Legislature That
Champions Democracy

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6.1 Introduction

The link between governance principles and institutional strengthening is important to highlight. The Legislature supports the principles of good governance, accountability and ethics.

6.2 Risk Management

The Office of the Secretary (Internal Audit) coordinates an annual risk review. The internal audit unit performed a risk review based on an outsourced quotation basis as a consultation engagement in the absence of a risk management unit within the entity.

6.3 Fraud and Corruption

A fraud prevention plan is in place. Amendments have recently been made and adopted. A fraud risk review was performed and the outcome discussed at the level of Secretariat, Joint Management and the Audit Committee

6.4 Minimising conflict of interest

The Legislature maintains a system to manage potential conflict of interest of employees and / or Members through requiring compliance with:

Code of Conduct for Disclosure of Financial Interests of Staff

Code of Conduct and Ethics for Members of the Free State Legislature; and Requiring potential service providers to complete prescribed declaration of interest forms

The relationship between management and the representative trade union, Nehawu, is governed by a formalized recognition agreement.

6.5 Code of Conduct

Legal Services of the Legislature maintains code of conduct processes applicable to Members and staff.

6.6 Health Safety and Environmental Issues

Members and employees are housed at 41 Charlotte Maxeke Street, as well as at the Fourth Raadsaal in Bloemfontein. No concerns can be reported upon in health, safety and environment.

6.7 Portfolio Committees

The following portfolio committees at the Legislature are 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.

6.8 Internal Control Unit

The organizational structure of the Legislature does not provide for a separate internal control unit. Submission was made for the establishment of an internal control unit.

6.9 Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2024.

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 five times officially during the current financial year. One unofficial meeting between the Acting CAE and the Members of the Audit Committee without management present, was also held.

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

04 May 2023;

27 May 2023;

30 May 2023; (Unofficial meeting between Acting CAE and Members of the Audit Committee)

31 July 2023;

03 November 2023; and

23 February 2024.

Name of Member	Number of Meetings Attended
Ms. M. Hlalele (Chairperson)	6
Ms. N. Khawe (Resigned)	1
Adv. N.M. Litabe	6

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 2023/24)	1
	Independent Review of QAIP Self-Assessment 2022/23	1
	Risk Review (Risk register)	4
	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
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 and evaluated. The position was advertised, and the recruitment process is still in progress. The Manager: Internal Audit was appointed in the Acting CAE position. The Audit Committee requested that the position be advertised again as a matter of priority.
- Inadequate controls for uploading support for the Performance Information.
- Policies need 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



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PART D

HUMAN RESOURCES

HUMAN RESOURCE MANAGEMENT

7 .Part D: Human Resource Management

7.1 Introduction

Commentary on the following is presented:

- 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 will provide the following key information on its human resources;

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 2023 and 31 March 2024

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	197 052	274 215	35	0	80	137 169
Programme 2	0	0	0	0	0	0
Programme 3	80 917	66 611	14	0	20	33 324
Total	277 969	340 826	49	0	100	170 493

Table 7.3.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Interns	2 533	1	7	1 270
Lower skilled	31 356	10	28	15 692
Skilled	71 620	23	53	35 837

Highly skilled production	89 119	27	44	44 582
Highly skilled supervision	52 450	17	17	26 234
Senior and Top management	68 288	22	10	34 149
Total	315 366	100	159	157 763

Table 7.3.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

Programme	Salaries		Overtime		Home Owners Allowance		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	7 897	22	1 496	26	4 955	77	6 917	73
Programme 2	0	0	0	0	0	0	0	0
Programme 3	27 710	78	4 302	74	1 473	23	2 613	27
Total	35 607	100	5 798	100	6 428	100	9 530	100

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Table 7.3.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Salaries		Overtime		Home Owners Allowance		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	8 942	9	63	3	1 065	17	1 202	13
Skilled	24 764	26	657	34	2 197	34	2 718	29
Highly skilled production	31 553	33	676	35	1 862	29	2 589	27

Highly skilled supervision	16 115	17	529	27	882	14	1 632	17
Senior management	14 516	15	0	0	415	6	1 379	14
Total	95 890	100	1 925	99	6 421	100	9 520	100

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 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1	146	113	22	7
Programme 2	0	0	0	0
Programme 3	49	39	20	0
Total	195	152	22	7

Table 7.4.2 Employment and vacancies by salary band as on 31 March 2024

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	28	24	6
Skilled	74	53	28	0
Highly skilled production	51	44	13	1
Highly skilled supervision	19	17	10	0
Senior management	14	10	28	0
Total	195	152	22	7

7.5 Filling of Senior Management Posts

The tables in this section provide information on employment and vacancies as it relates to members of Senior Joint Management 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 2024

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	1	0	0	0
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	6	3	50	4	33
Total	13	10	23	4	69

Table 7.5.2 Senior management post information as on 30 September 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	6	3	50	4	33
Total	13	9	30	5	39

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
The posts were advertised timeously and the shortlisting panels have recommended that the Hansard Editor and Chief Audit Executive should be re-advertised. The post for Director Strategy & Risk Management was requested to be re-evaluated. The Treasury Advisor post was not budgeted.

7.6 Job Evaluation

The executing authorities may evaluate or re-evaluate any job in his or her organization. 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 2023 and 31 March 2024

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	0	0	0	0	0	0
Highly skilled production	51	0	0	0	0	0	0
Highly skilled supervision	19	0	0	0	0	0	0
Senior management	14	0	0	0	0	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 posts 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 2023 and 31 March 2024

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: We don't have any posts that were evaluated or re-evaluated.

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 2023 and 31 March 2024

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 with the sub-level of 16)	The salary of the incumbent was higher before 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 before the job evaluation in 2012.
Payment Coordinator	01	12	14	The salary of the incumbent was higher before 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 2023 and 31 March 2024

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 in notes below).

Table 7.7.1 Annual turnover rates by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Number of employees at beginning of period- 1 April 2023	Appointments and transfers into the Legislature	Terminations and transfers out of the Legislature	Turnover rate
Interns	0	0	0	0
Lower skilled	34	5	4	12
Skilled	54	2	2	4
Highly skilled production	43	2	0	0
Highly skilled supervision	18	0	1	6
Senior management	9	1	0	0
Total	158	10	7	5

Table 7.7.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number of employees at beginning of period-April 2023	Appointments and transfers into the Legislature	Terminations and transfers out of the Legislature	Turnover rate
TOTAL	n/a	n/a	n/a	n/a

Table 7.7.3 Reasons why staff left the Legislature for the period 1 April 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	1	15
Resignation	0	0
Expiry of contract	2	29
Dismissal – operational changes	0	0
Dismissal – misconduct	3	43
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	15
Transfer to other Public Service Departments	0	0
Other	0	0
Total	7	100

Table 7.7.4 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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	0	0	0	0	0
Lower skilled	34	0	0	0	0
Skilled	54	1	0	3	6
Highly skilled production	43	0	0	0	0
Highly skilled supervision	18	0	0	0	0
Senior management	9	0	0	0	0
Total	158	1	0	3	6

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 2024**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	5	0	0	1	3	0	0	1	10
Professionals	8	0	0	1	4	3	0	1	17
Technicians and associate professionals	23	0	0	1	17	0	0	2	43
Clerks	21	1	0	1	26	1	0	2	52

Service and sales workers	13	0	0	0	16	1	0	0	30
Other	4	0	0	1	1	0	0	0	6
Total	74	1	0	5	67	5	0	6	158
Employees with disabilities	1	0	0	0	1	0	0	0	2

Table 7.8.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	1	0	0	0	0	3
Senior Management	3	0	0	0	3	0	0	1	7
Professionally qualified and experienced specialists and mid-management	8	0	0	1	4	3	0	1	17
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	23	0	0	1	17	0	0	2	43
Semi-skilled and discretionary decision making	21	1	0	1	26	1	0	2	52
Unskilled and defined decision making	13	0	0	0	16	1	0	0	30
Other	4	0	0	1	1	0	0	0	6
Total	74	1	0	5	67	5	0	6	158

Table 7.8.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
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	1	0	0	0	1
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Other	5	0	0	1	0	0	0	0	6
Total	7	0	0	1	2	0	0	0	10
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 7.8.4 Promotions for the period 1 April 2023 to 31 March 2024

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 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	1	0	0	0	3	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	3	0	0	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 7.8.5 Terminations for the period 1 April 2023 to 31 March 2024

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 specialists and mid-management	1	0	0	0	0	0	0	0	1
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	2	0	0	0	0	0	0	0	2
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Other	3	0	0	0	0	0	0	0	3
Total	7	0	0	0	0	0	0	0	7
Employees with Disabilities	1	0	0	0	0	0	0	0	1

Table 7.8.6 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	3	0	0	1	2	0	0	1	7
Professionals	9	0	0	1	4	2	0	0	16
Technicians and associate professionals	3	0	0	0	6	0	0	1	10
Clerks	10	0	0	0	17	1	0	0	28
Service and sales workers	4	0	0	0	1	1	0	0	6
Others	1	0	0	0	1	0	0	0	2
Total	30	0	0	2	31	4	0	2	69
Employees with disabilities	0	0	0	0	0	0	0	0	0

7.9. Signing of Performance Agreements by Senior Joint Management

All members 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 2023

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
Deputy Secretary to the Legislature Level 21	1	1	0	0
Chief Financial Officer Level 20	1	1	0	0
Director Level 19	1	1	1	100
Director Level 18	3	3	3	100
Director Level 17	5	6	2	40
Total	12	13	7	59

Table 7.9.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 April 2024

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 2023

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 2023 to 31 March 2024

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills	59	3	21	20	40	25
Skilled	884	48	41	38	463	3
Highly skilled production	603	33	27	25	315	3
Highly skilled supervision	213	12	11	10	112	15
Top and Senior management	86	5	7	7	47	195
Total	1 845	101	107	100	977	241

Table 7.10.2 Annual Leave for the period 1 April 2023 to 31 March 2024

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	2 054	143	70

Table 7.10.3 Capped leave for the period 1 December 2019 to 30 November 2023

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 2024
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 2023 and 31 March 2024

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave encashment for 2023/22	4 661	159	2 410
Capped leave payouts on termination of service for 2023/22	0	0	0
Current leave payout on termination of service for 2023/22	182	6	94
Total	4 843	165	2 504

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 members to promote the 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 one person who is responsible for the implementation of the Health and Wellness of the employees. There is no specified budget for this programme.

<p>3. Has the legislature introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate elements/services</p>	<p style="text-align: center;">✓</p>	<p>FSL Employee Wellness Programme covers the three Pillars of the Employee Health and Wellness Strategic Framework:</p> <p>Occupational Health</p> <ul style="list-style-type: none"> ❖ 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. <p>2. Quality of Work life</p> <ul style="list-style-type: none"> ❖ SHERQ Management Safety in the workplace is emphasized. The Legislature has also appointed designated Safety Officers. OHS Reps have been trained in fire safety, usage of evacuation chairs and First Aid. ❖ Wellness Management Individual and group counselling is offered to employees when needed. This year the focus is on the Mental Health of the Employees.
<p>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</p>	<p style="text-align: center;">✓</p>	<p>No committee has been established as yet because the FSL EAP Policy is still in its draft form</p>

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.	✓		<ul style="list-style-type: none"> ❖ 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.	✓		<p>Adjustment of policies: E.g. Leave policy- special leave about employees who suffer from terminal illness; time-off for Clinic appointments and changes in hours of work and in start/finish time.</p> <p>Labour Relations Act: Code of Good Practice; aspects on HIV/AIDS and Employment.</p> <p>Application of the Medical Aid Schemes Act no 131 of 1998.</p>
7. Does the legislature encourage its employees to undergo Voluntary counseling and Testing? If so, list the results you have achieved	✓		<p>The Wellness unit always encourages people to go for HIV/Aids Counseling and Testing (HCT) During Employee Wellness Day in September 2023. 14 employees (8 males) and (7 females) were tested by the Dept of Health, and they all tested negative.</p>
8. Has the legislature developed measures to monitor and evaluate the impact of its health promotion programme? If so list these measures.	✓		<p>Attendance registers are kept during health promotion sessions to evaluate the impact of the programme and check the views of the participants on what should or can be added to improve the programme. During Employee Wellness Sessions</p>

7.12 Labour Relations

Table 7.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Subject matter	Date
Wage settlement for 2023/24	08 th July 2024
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 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	1	100
Number of grievances not resolved	0	0
Total number of grievances lodged	1	100

Table 7.12.3 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of Total
Number of disputes upheld	1	34
Number of disputes dismissed	0	0
Total number of disputes lodged	3	100

7.13. Skills development

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

Table 7.13.1 Training needs identified for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training needs identified at start of the reporting period			
			Leaverships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	<ul style="list-style-type: none"> • Editing • Interviews Skills 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace Annual SABPP Conference 	10

	Male	6	0	<ul style="list-style-type: none"> • Job Description • Interviews Skills • Organizational Strategic Planning and Management 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace 	
Professionals	Female	9		<ul style="list-style-type: none"> • Fuel, Fleet and Transport Management • Editing • Job Description • Project Management • Interviews Skills • Legislation and Drafting • Organizational Strategic Planning and Management 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace • Annual SITA Govtech Conference 	18

	Male	9		<ul style="list-style-type: none"> • Communication and Stakeholders Relations • Democracy and Public Participation • Investigation and Management of Cyber and Electronic Crime • Management and Supervision • Strategy and Risk Management • Performance Information Management • Editing • Project Management • Interviews Skills • Social Media Training • Professional Reporting writing 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace <p>Annual SABPP Conference</p>	
Technicians and associate professionals	Female	14		<ul style="list-style-type: none"> • Office Admin, Minutes Taking and Report Writing • Supply Chain Management Training • Editing • Project Management • Social Media Training • Professional Reporting writing <ul style="list-style-type: none"> • Introduction to Research Methodology 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace • Annual SITA Govtech Conference 	31

	Male	17		<ul style="list-style-type: none"> • Communication and Stakeholders Relations • Office Admin, Minutes Taking and Report Writing • Democracy and Public Participation • Strategy and Risk Management • Performance Information Management 	Behavioral Science and Ethics at the Workplace	
Clerks	Female	31		<ul style="list-style-type: none"> • Records and Filing Management • Office Admin, Minutes Taking and Report Writing • Supply Chain Management Training • Democracy and Public Participation • Office Management • Editing • Project Management • Social Media Training • Introduction to Research Methodology 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace • Annual SABPP Conference 	65
	Male	34		<ul style="list-style-type: none"> • Records and Filing Management • Office Admin, Minutes Taking and Report Writing • Supply Chain Management Training • Fuel, Fleet and Transport Management • Democracy and Public Participation • Investigation and Management of Cyber and Electronic Crime • Management and Supervision 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace • Annual SABPP Conference • Annual SITA Govtech Conference 	
Service and sales workers	Female	17		<ul style="list-style-type: none"> • National Key Point 	<ul style="list-style-type: none"> • Behavioral Science and Ethics at the Workplace 	35

	Male	18		National Key Point	<ul style="list-style-type: none"> Behavioral Science and Ethics at the Workplace 	
Sub Total	Female	75				
	Male	84				
Total		159				

Table 7.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	3	0	<ul style="list-style-type: none"> Legislative Process Training for Legal Practitioner and Procedural Practitioners Managers and Staff 	<ul style="list-style-type: none"> Salsa Development Seminar ACFE Conference-Certified Fraud Conference 	7
	Male	4		<ul style="list-style-type: none"> Legislative Process Training for Legal Practitioner and Procedural Practitioners Stakeholder Relationship Management and 	<ul style="list-style-type: none"> Salsa Development Seminar ACFE Conference-Certified Fraud Conference 	

Professionals	Female	7		<ul style="list-style-type: none"> • Performance Information Management • Fuel, Fleet and Transport Management • Power platform Solutions Architect • Annual R data User Workshop- • Decorum 	<ul style="list-style-type: none"> • GovTech Conference SITA • Salsa Development Seminar 	17
	Male	10		<ul style="list-style-type: none"> • Performance Information Management • Security Management • Legislative Process Training for Legal Practitioner and Procedural Practitioners Managers and Staff 	<ul style="list-style-type: none"> • Salsa Development Seminar • OHS Fire Training 	
Technicians and associates professional	Female	7		<ul style="list-style-type: none"> • Performance Information Management • Legislative Process Training for Legal Practitioner and Procedural Practitioners Managers and Staff • Decorum of the house 	<ul style="list-style-type: none"> • Annual R data User Workshop • OHS Fire Training 	10
	Male	3		<ul style="list-style-type: none"> • Performance Information Management • Decorum of the house 	<ul style="list-style-type: none"> • Annual R data User Workshop • OHS Fire Training 	

Clerks	Female	19		<ul style="list-style-type: none"> • Performance Information Management • Records and Archives Management • Fuel, Fleet and Transport Management • Business Writing 	<ul style="list-style-type: none"> • Annual R data User Workshop • OHS Fire Training 	29
	Male	10		<ul style="list-style-type: none"> • GovTech Conference SITA • Performance Information Management • Records and Archives Management • Fuel, Fleet and Transport Management • Microsoft 365 Administration 	<ul style="list-style-type: none"> • Annual R data User Workshop • OHS Fire Training • Decorum • 	
Service and sales workers	Female	2		<ul style="list-style-type: none"> • Fuel, Fleet and Transport Management 	<ul style="list-style-type: none"> • 0 	6
	Male	4		<ul style="list-style-type: none"> • Fuel, Fleet and Transport Management 	<ul style="list-style-type: none"> • 0 	
Sub Total	Female	37				
	Male	32				
Total		69				

7.14 Utilisation of Consultants

Table 7.14.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
n/a	n/a	n/a	n/a

Table 7.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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

Table 7.14.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
n/a	n/a	n/a	n/a

Table 7.14.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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

7.15 Injury on duty

The following tables provide basic information on injury on duty.

Table 7.15.1 Injury on duty for the period 1 April 2023 and 31 March 2024

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



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PART E

FINANCIAL INFORMATION

Free State Legislature

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act 2009

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 Authority on 31 May 2024 and were signed on its behalf by:



MJ Machaka
Secretary to the Legislature
 31 May 2024

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 2024, 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislature 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 matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the legislature at, and for the year ended, 31 March 2024.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the 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. This description, which is located at page 92, forms part of my 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 the selected programme 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 2024 for auditing. I selected programme that measure 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	42 - 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 those committed to in the approved initial or revised planning documents
- there is 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 or conclusion

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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or under achievements.

20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report.

Core business

<i>Targets achieved: 94,73%</i>		
<i>Budget spent: 99,9%</i>		
Indicator not achieved	Planned target	Reported achievement
Number of sectoral parliaments conducted, and reports compiled.	Three (3) sectoral parliaments conducted virtually and or hybrid	Two (2) sectoral parliaments conducted virtually and or hybrid and Two (2) quarterly reports compiled.

Report on compliance with legislation

21. 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.
22. 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.
23. 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.
24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. 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.
26. 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.
27. 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 programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor - General

Bloemfontein

31 July 2024



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 programme 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.

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

Compliance with legislation – selected legislative requirements

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Finance Management of Parliament and Provincial Legislature Act 10 of 2009	Section 7(b); 7(e); 14(1); 14(2)(a); 14(2)(b); Section 14(2)(c); 14(2)(d); 14(2)(e); 15(1); Section 15(2)(a); 15(2)(b); 15(2)(c); 15(2)(d); Section 20(5); 21(2); 33(2)(a); 33(2)(b); 33(2)(e); Section 35(1)(a); 35(1)(b); 36(a); 41(b); 44; 46; Section 52; 53(1); 53(1)(b); 53(1)(c); 56(1); Section 57(a); 67(2)(a); 67(2)(b); 68(2)(a); Section 68(2)(b)
Financial Management of Parliament Act - SCM Regulations, 2015	Regulation 6(1)(c); 6(3)(e); 6(6); 6(6)(a)(i); Regulation 6(6)(a)(v); 6.7; 6(7)(a)(i); 6(7)(a)(ii); Regulation 6(8)(a)(ii); 6(8)(b)(ii); 6(8)(b)(iii); Regulation 6(8)(f)(iv); 6(9)(a)(i); 6(9)(a)(ii); Regulation 6(9)(a)(iii); 6(9)(a)(iv); 6(9)(a)(v); Regulation 6(11); 6(11)(b); 6(11)(d)(i); 6(11)(d)(ii); Regulation 6(11)(d)(iii); 6(11)(d)(iv); 6(11)(d)(v); Regulation 6(11)(d)(vi); 6(11)(e)(i); 6(11)(e)(ii); Regulation 6(11)(e)(iii); 6(11)(d)(vii); 7(8)(a); Regulation 7(9)(a)(vi); 7(9)(c)(i); 8; 8(1); 8(2); 9; Regulation 9(1)(c); 11(2); 11(2)(c); 11(3)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.4; 6.6; 6.8; 7.1; 7.2; 7.4; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Authority's Responsibilities and Approval

The Accounting Officer is required by the Financial Management of Parliament and Provincial Legislatures 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 member 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 Secretary 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 2025 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 Authority 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 Authority on 31 May 2024 and were signed on its behalf by:



MJ Machaka
Secretary to the Legislature

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	40 868 740	63 462 236
Receivables from exchange transactions	4	1 851 834	1 847 523
Receivables from non-exchange transactions	5	56 284	1 476 938
Prepayments	6	82 927	1 112 819
Inventories	7	448 526	550 342
		43 308 311	68 449 858
Non-Current Assets			
Property, plant and equipment	8	11 341 166	11 029 049
Heritage assets	9	3 185 870	3 185 870
Intangible assets	10	117 619	105 503
		14 644 655	14 320 422
Total Assets		57 952 966	82 770 280
Liabilities			
Current Liabilities			
Finance lease obligation	37	74 721	209 692
Operating lease liability	11	1 233 176	837 950
Payables from exchange transactions	12	20 984 660	22 954 083
Employee benefit obligation	13	23 318 484	-
Unspent conditional grants and receipts	17	169 129	-
		45 780 170	24 001 725
Non-Current Liabilities			
Finance lease obligation	37	-	74 721
Operating lease liability	11	-	1 233 176
Employee benefit obligation	13	8 975 372	18 327 000
		8 975 372	19 634 897
Total Liabilities		54 755 542	43 636 622
Net Assets		3 197 424	39 133 658
Accumulated surplus		3 197 424	39 133 658
Total Net Assets		3 197 424	39 133 658

* See Note 29

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Other income	14	560 500	249 930
Interest received	15	4 514 362	2 467 290
Total revenue from exchange transactions		5 074 862	2 717 220
Revenue from non-exchange transactions			
Service in-kind	16	4 867 639	5 314 464
Transfer revenue			
Government grants & subsidies	17	314 045 217	296 073 654
Total revenue from non-exchange transactions		318 912 856	301 388 118
Total revenue		323 987 718	304 105 338
Expenditure			
Employee related costs	18	(166 886 568)	(142 595 409)
Members remuneration	19	(27 417 217)	(25 953 653)
Transfers and subsidies	20	(60 819 444)	(56 884 822)
Depreciation and amortisation		(2 643 673)	(2 104 502)
Impairment of assets	38	(2 905)	(133 680)
Finance costs	21	(1 638 394)	(1 438 146)
Loss on disposal of assets and liabilities		(225 480)	(173 647)
Loss on foreign exchange		-	(112 712)
Property Payments	22	(20 264 644)	(21 040 982)
General Expenses	23	(60 668 787)	(34 717 572)
Travel and subsistence	24	(20 050 840)	(9 303 374)
Total expenditure		(360 617 952)	(294 458 499)
(Deficit) surplus for the year from continuing operations		(36 630 234)	9 646 839
Actuarial gain/(loss)		694 000	1 113 000
(Deficit) surplus for the year		(35 936 234)	10 759 839

* See Note 29

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	33 102 186	33 102 186
Adjustments		
Prior year errors Note 29	(4 728 367)	(4 728 367)
Balance at 01 April 2022 as restated*	28 373 819	28 373 819
Changes in net assets		
Surplus for the year	10 759 839	10 759 839
Total changes	10 759 839	10 759 839
Restated* Balance at 01 April 2023	39 133 658	39 133 658
Changes in net assets		
Surplus for the year	(35 936 234)	(35 936 234)
Total changes	(35 936 234)	(35 936 234)
Balance at 31 March 2024	3 197 424	3 197 424

* See Note 29

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		560 500	427 701
Grants		315 635 000	294 653 000
Interest income		4 514 362	2 466 044
		<u>320 709 862</u>	<u>297 546 745</u>
Payments			
Employee costs		(155 609 329)	(141 135 234)
Members remuneration		(27 417 217)	(25 953 653)
Suppliers		(96 223 591)	(61 665 705)
Transfers and subsidies		(60 819 444)	(56 884 822)
		<u>(340 069 581)</u>	<u>(285 639 414)</u>
Net cash flows from operating activities	25	<u>(19 359 719)</u>	<u>11 907 331</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3 027 728)	(1 439 361)
Proceeds from sale of property, plant and equipment	8	22 167	-
Purchase of other intangible assets	10	(2 129)	(80 600)
		<u>(3 007 690)</u>	<u>(1 519 961)</u>
Cash flows from financing activities			
Finance lease payments		(226 086)	(365 609)
		<u>(226 086)</u>	<u>(365 609)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(22 593 496)</u>	<u>10 021 761</u>
Cash and cash equivalents at the beginning of the year		63 462 236	53 440 474
Cash and cash equivalents at the end of the year	3	<u>40 868 740</u>	<u>63 462 236</u>

* See Note 29

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

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
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	199 000	(199 000)	-	582 666	582 666	Note 27
Interest received	1 800 000	(1 800 000)	-	4 514 362	4 514 362	Note 27
Total revenue from exchange transactions	1 999 000	(1 999 000)	-	5 097 028	5 097 028	

Revenue from non-exchange transactions

Transfer revenue

Appropriation	287 135 000	58 555 000	345 690 000	315 635 000	(30 055 000)	Note 27
Total revenue	289 134 000	56 556 000	345 690 000	320 732 028	(24 957 972)	

Expenditure

Personnel	(154 049 000)	89 858	(153 959 142)	(154 115 918)	(156 776)	Note 27
Remuneration of members	(27 076 000)	(1 930 653)	(29 006 653)	(27 417 217)	1 589 436	Note 27
Transfer payments	(49 094 000)	(13 070 030)	(62 164 030)	(62 254 024)	(89 994)	Note 27
Payments for capital assets	(1 161 000)	(1 823 769)	(2 984 769)	(2 581 080)	403 689	Note 27
Goods and services	(55 755 000)	(41 820 410)	(97 575 410)	(96 708 035)	867 375	Note 27
Total expenditure	(287 135 000)	(58 555 004)	(345 690 004)	(343 076 274)	2 613 730	
Deficit before taxation	1 999 000	(1 999 004)	(4)	(22 344 246)	(22 344 242)	

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

Reconciliation

Operating lease straightlining				837 950		Note 27
Finance lease Liability				209 692		Note 27
Prepaid expenses				(785 283)		Note 27
Employee benefit obligation				(13 966 856)		Note 27
Accrual provision				1 566 656		Note 27
Depreciation and amortisation				(2 643 673)		Note 27
Loss on assets				(247 646)		Note 27
Capital expenses				3 029 858		Note 27
Impairment of PPE				(2 905)		Note 27
Allocating of Appropriation. Refer to Note 17				(1 589 783)		Note 27

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Annual Financial Statements for the year ended 31 March 2024

**Actual Amount in the
Statement of Financial
Performance**

(35 936 234)

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

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

1.3 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.

1.4 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.

1.5 Budget information

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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.

1.6 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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.6 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 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 nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Useful lives 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 life 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 2024 fixed asset register is based on a calculation of the past useful life from date of acquisition to year end 2024 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 used 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.

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Property, plant and equipment

1.7.1 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 lives, 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.

1.7.2 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.

1.7.3 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:

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

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

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

1.7.4 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.

1.8 Intangible assets

1.8.1 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.
- Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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.

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.8 Intangible assets (continued)

1.8.2. 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.

1.8.3. 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
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.

1.8.4 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.

1.9 Heritage assets

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.

Subsequent measurement

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

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.9 Heritage assets (continued)

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.

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.

1.10 Related parties

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

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

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

1.11 Events after reporting date

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

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

Refer to note 33 for events identified.

1.12 Materiality

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.

1.13 Financial instruments

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

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.13 Financial instruments (continued)

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
Finance lease obligations	Financial liability measured at amortised cost

Initial recognition

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

The Legislature recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Legislature measures a financial asset and financial liability, 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.

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.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.13 Financial instruments (continued)

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.

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.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.13 Financial instruments (continued)

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).

1.14 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 intangible 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 derecognition of financial instruments are applied to lease payables.

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 or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.14 Leases (continued)

Operating leases - lessee

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

1.15 Inventories

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

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

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

1.16 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 was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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 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

1.16 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 use 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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Accounting Policies

1.16 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.

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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Accounting Policies

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

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.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

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 a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

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

Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service 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 non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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Accounting Policies

1.18 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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Accounting Policies

1.18 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

1.18 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

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Accounting Policies

1.18 Employee benefits (continued)

- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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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Accounting Policies

1.18 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:

- 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.

1.19 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 deficit.

If an 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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Accounting Policies

1.19 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an 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.

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Accounting Policies

1.20 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.

Interest, royalties and dividends

Revenue arising from the use by others of entity 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.

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Accounting Policies

1.21 Revenue from non-exchange transactions

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

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

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

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

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

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

Recognition

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

As the 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 as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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.

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Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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.

1.22 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 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
- 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

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Accounting Policies

1.22 Statutory receivables (continued)

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 is 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
- 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.

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Accounting Policies

1.23 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.

1.24 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.

1.25 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.

1.26 Irregular expenditure

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

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

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.

1.27 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.

1.28 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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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 2024 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 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
- Classification of financial assets
- Amortised cost of financial assets

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2. New standards and interpretations (continued)

- Impairment of financial assets
- Disclosures

The effective date of the revisions is for financial years starting on or after 1 April 2025.

The impact of this standard is currently being assessed.

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:

Going Concern

The improvements relating to Going concern is not yet effective.

Improvements to the standards of GRAP

The amendments are approved by the Board.

The effective date is yet to be determined by the Minister of Finance. The transitional provisions are specified in the revised Standard. The Standard may be used by entities in developing an accounting policy.

Guideline to Materiality

The Guideline is not authoritative, but entities are encouraged to consider it when preparing financial statements.

The impact of the amendment is not material.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		24	24
Bank balances	3 755 412	15 012 843	
FNB Investment	37 113 304	48 449 369	
	40 868 740	63 462 236	

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2024	31 March 2023	31 March 2022	31 March 2024	31 March 2023	31 March 2022
FNB BANK Corporate Services Account 62113191796	3 755 412	15 012 843	19 228 879	3 755 412	15 012 843	19 228 879
FNB CALL ACCOUNT 62345381248	37 113 304	48 449 369	34 211 571	37 113 304	48 449 369	34 211 571
Petty cash	24	24	24	24	24	24
Total	40 868 740	63 462 236	53 440 474	40 868 740	63 462 236	53 440 474

4. Receivables from exchange transactions

Salary control account and inter bank transfers	-	459
Creditors with debit balances	190 911	123 083
Deposits paid to suppliers	654 320	654 320
Staff debt	532 583	595 641
Claims recoverable	471 520	471 520
PPE disposals receivable	2 500	2 500
	1 851 834	1 847 523

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4. Receivables from exchange transactions (continued)

Trade and other receivables pledged as security

None of Receivables from exchange transactions 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 Receivable

Reconciliation of provision for impairment for receivables from exchange transactions

Staff debt	358 434	358 434
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Trade and other receivables past due but not impaired

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The ageing of these Receivables exchange transactions is as follows

0 - 6 months	142 213	5 209
6 - 12 months	-	28 320
Older than 12 months	1 709 620	1 813 994

Prior year ageing of receivables adjusted to agree to the total receivables from exchange transactions.

Prior year ageing of receivables disclosed: R875 814.

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.

Amounts owing by suppliers are withheld from future invoices and not considered for impairment.

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
	56 284	1 476 938

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Appropriations	-	1 420 654
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Refer to note 17.

Financial asset receivables included in receivables from non-exchange transactions above	56 284	56 284
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Total receivables from non-exchange transactions	56 284	1 476 938
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Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

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5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due not impaired

The ageing of amounts past due but not impaired 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	1 112 821	475 388
Advance	2 016 876	252 409
Repayments	(2 072 888)	(400 260)
Microsoft software licence paid in advance	(785 282)	785 282
Installation cost paid in advance	(188 600)	-
	82 927	1 112 819

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

Prepayments and Advances also relates to expenses paid in advance for which the services have not yet been received.

Balances classified as Receivables from exchange transactions

Prepayments	82 927	1 112 819
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The prior year disclosure was corrected by including expenses paid in advance.

Prepayments classified as receivables from exchange transactions peviously disclosed: R327 539.

7. Inventories

Consumables	448 526	550 342
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Inventories recognised as an expense during the year	598 258	784 789
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Inventory pledged as security

None of the inventories were pledged as security.

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8. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	6 835 367	(5 023 277)	1 812 090	6 451 752	(4 671 292)	1 780 460
Motor vehicles	6 779 225	(3 300 654)	3 478 571	7 156 598	(3 147 367)	4 009 231
Office equipment	7 786 594	(4 931 697)	2 854 897	7 402 851	(4 129 648)	3 273 203
IT equipment	8 185 520	(4 989 912)	3 195 608	6 249 377	(4 283 222)	1 966 155
Total	29 586 706	(18 245 540)	11 341 166	27 260 578	(16 231 529)	11 029 049

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Work in progress Additions	Disposals	Transfers from WIP	Transfers to PPE	Depreciation	Impairment loss	Total
Furniture and fixtures	1 780 460	403 417	-	(3 134)	-	-	(368 653)	-	1 812 090
Motor vehicles	4 009 231	-	-	(137 557)	-	-	(393 103)	-	3 478 571
Office equipment	3 273 203	690 401	188 600	(11 862)	(2 393 847)	1 967 131	(855 824)	(2 905)	2 854 897
IT equipment	1 966 155	1 933 910	-	(92 978)	-	391 997	(1 003 476)	-	3 195 608
	11 029 049	3 027 728	188 600	(245 531)	(2 393 847)	2 359 128	(2 621 056)	(2 905)	11 341 166

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 101 587	142 587	(106 588)	(357 126)	1 780 460
Motor vehicles	3 359 541	1 093 043	-	(443 353)	4 009 231
Office equipment	3 641 010	235 665	(28 574)	(574 898)	3 273 203
IT equipment	2 739 064	21 061	(89 932)	(704 038)	1 966 155
	11 841 202	1 492 356	(225 094)	(2 079 415)	11 029 049

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 FMPPLA is available for inspection at the registered office of the Legislature.

Assets subject to finance lease (Net carrying amount)

Office equipment	70 404	275 759
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8. Property, plant and equipment (continued)

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	57 000	2 265 152
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Assets for the Modernisation of the Fourth Raadsaal project is installed and became available for use on 7th March 2024. No impairment loss is recognised as there is no lost service potential.

Reconciliation of Work-in-Progress 2024

	Included within Office equipment	Total
Opening balance	2 265 152	2 265 152
Additions/capital expenditure	188 600	188 600
Transferred to completed items	(2 359 129)	(2 359 129)
Transferred to Intangible assets	(34 719)	(34 719)
Impairment	(2 904)	(2 904)
	57 000	57 000

Reconciliation of Work-in-Progress 2023

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

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Vehicle Maintenance	383 867	190 939
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Effect of changes in accounting estimates on Property Plant and Equipment

The remaining useful life of all plant and equipment were recalculate 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 2023 to be R2 954 700. In the current period management estimated it to be R2 837 700. The effect of this revision of the depreciation charges for the current and future periods by:

	2024	2025	2026
Actual Depreciation	2 605 262	2 606 262	2 605 262
Effect on Depreciation	1 332 144	1 401 687	(100 880)
Depreciation expected	3 937 406	4 007 949	2 504 382

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9. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Antiques	3 319 550	(133 680)	3 185 870	3 319 550	(133 680)	3 185 870

Reconciliation of heritage assets 2024

	Opening balance	Total
Antiques at Fourth Raadsaal	3 185 870	3 185 870

Reconciliation of heritage assets 2023

	Opening balance	Impairment losses recognised	Total
Antiques at Fourth Raadsaal	3 319 550	(133 680)	3 185 870

10. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 238 198	(1 120 579)	117 619	1 286 606	(1 181 103)	105 503

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	105 503	36 848	(2 116)	(22 616)	117 619

Reconciliation of intangible assets - 2023

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

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11. Operating lease asset (liability)		
Non-current liabilities	-	1 233 176
Current liabilities	1 233 176	837 950
	1 233 176	2 071 126
Balance at the beginning of the year	2 071 127	2 168 804
Movement during the year	(837 951)	(97 677)
	1 233 176	2 071 127

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.

Future operating lease payments

Up to 1 year	10 061 998	11 654 376
2 to 5 years	-	10 061 997
	10 061 998	21 716 373

12. Payables from exchange transactions

Trade payables	2 384 977	2 473 256
Subsistence & Travelling Accruals	121 734	95 158
Salary suspense	193 369	1 866 483
Unallocated deposits	118 409	118 409
Accrued leave pay	4 416 964	5 626 893
Provision for leave	2 248 426	1 345 890
Accrued payroll expense	6 303 721	6 707 676
Accrued bonus provision	4 128 079	3 686 038
Political parties	162 967	162 967
Social Club	348 601	119 500
Sport Club	459 535	653 935
Interdepartmental Claim- Police	97 878	97 878
	20 984 660	22 954 083

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13. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Reconciliation of employee benefit obligations 2024	Opening balance	Movement	Total
Long service awards	-	12 191 856	12 191 856
Gratuity	5 766 000	1 265 000	7 031 000
Exit gratuity	12 561 000	510 000	13 071 000
	18 327 000	13 966 856	32 293 856

Reconciliation of employee benefit obligations 2023	Opening balance	Movement	Total
Gratuity	4 638 000	1 128 000	5 766 000
Exit gratuity	12 633 000	(72 000)	12 561 000
	17 271 000	1 056 000	18 327 000

Current Liabilities		
Long service awards		3 216 484
GRATUITY CURRENT		7 031 000
POL OFFICE BEARER GRAT CURRENT		13 071 000
		23 318 484

Non-Current Liabilities		
Long service awards		8 975 372
GRATUITY		-
Exit gratuity		-
		8 975 372
		18 327 000

Long service awards: Movements		
Net expense recognised		12 191 856

Long service awards: Net expense recognised		
Current-Service cost		12 191 859

The current service cost for the ensuing year is expected to be R1 204 395. The interest cost for the ensuing year is expected to be R980 043. The total projected expense for 2024/2025 is R2 184 438.

Gratuity: Movements		
Opening balance	5 766 000	4 638 000
Net expenses recognised	1 265 000	1 128 000
	7 031 000	5 766 000

Gratuity: Net expense recognised		
Current-Service cost	847 000	771 000
Interest cost	567 000	463 000
Actuarial Loss/(Gains)	(149 000)	(106 000)
	1 265 000	1 128 000

The actuarial gain over the period was caused by the difference in the expected salary increase assumption and the actual increases that occurred over the valuation period.

Free State Legislature

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13. Employee benefit obligations (continued)

The expected contributions for the next financial period is expected to be R7 274 000.

Exit gratuity: Movements

Opening balance	12 561 001	12 633 001
Net expenses recognised	510 000	(72 000)
	13 071 001	12 561 001

Exit gratuity: Net expense recognised

Interest cost	1 055 000	935 000
Actuarial Loss/(Gains)	(545 000)	(1 007 000)
	510 000	(72 000)

Interest cost over the following year March 2024 was calculated until the next national election date 29 May 2024, as assumed all gratuity benefits will then become payable.

The expected contributions for the next financial period is expected to be R13 253 000. The interest expected for next financial period is expected to be R182 000.

Long service awards

Nature of the liability

The employers LSA consist of an obligation (liability) to pay out a bonus in the year of the employee attaining the required service. The obligation is determined by calculating the present value of the possible long service bonus awards payable throughout the employee's service guided by FSL's LSA policy.

Per the policy the benefits payable are:

For 5 completed years of services, a 5% bonus of annual salary. For 10, 20, 25 years of service a 10% bonus of annual basic salary.

Valuation method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been used to value the liabilities. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 301, and meets the requirements of GRAP 25.

Valuation of Assets

The Long service award liability is not a funded arrangement. No assets has been set aside for LSA benefits that qualify as plan assets in terms of requirements of GRAP 25. As such we have ascribed a nil value to fair value of plan assets

Statistics on eligible employees

Number of participants	159
Average age (years)	46,18
Average past service (years)	12
Total annual salary (R's)	622 526

Results of Valuation

Accrued liability

Total value of liabilities	12 191 856	-
Value of assets	-	-
Unfunded accrued liability	12 191 856	-

Key actuarial assumptions used

Free State Legislature

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Figures in Rand	2024	2023
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13. Employee benefit obligations (continued)

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

Financial assumptions

Discount rate	9,26 %
Salary inflation	5,06 %

Methodology of setting the financial assumptions

GRAP 25 stipulates that the choice of the discount rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Demographic Assumptions

Normal retirement age (years)	65
Withdrawal from service: age 20	15,00 %
Withdrawal from service: age 25	10,00 %
Withdrawal from service: age 30	7,00 %
Withdrawal from service: age 35	4,00 %
Withdrawal from service: age 40	2,00 %
Withdrawal from service: age 45 - 60	0,00 %

Pre-retirement mortality: Males and females: SA85-90.

The withdrawal of service is expected to be the same for females and males

Sensitivity analysis

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

	1% decrease	30 June 2024 Valuation basis	1% increase
Salary increase	11 609 465	12 191 856	12 828 071
Discount rate	12 808 432	12 191 856	11 635 811

There is a direct relationship between salary inflation and accrued liability since the benefits paid are related to the salaries of the members. As such an increase in salary inflation will lead to an increase in the accrued liability, whereas a decrease in salary inflation will lead to a decrease in the accrued liability.

There is an inverse relationship between the discount rate and the accrued liability. As such a decrease in the discount rate will lead to an increase in the accrued liability, whereas an increase in the discount rate will lead to a decrease in the accrued liability.

Mortality

Effect of a 2-year change in the average retirement age on the total liability are illustrated below.

	Decrease	30 June 2024 Valuation basis
2-year change	12 271 519	12 191 856

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Gratuity benefits

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Figures in Rand	2024	2023
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13. Employee benefit obligations (continued)

Nature of the liability

The Free State Legislature ("the Legislature") rewards members with gratuity benefit by remunerating them with a lump sum when the members retire according to the gratuity benefit policy published in the Government Gazette on 12 November 2008.

According to the Legislature's gratuity benefit policy published in the Government Gazette dated 12 November 2008, members of a Provincial Legislature who served more than 5 years and whose term of office has ended should be entitled to a once-off gratuity equal to 4 months' pensionable salary for every 5 years of service or a pro-rata part the 5-year period.

Valuation method

The Projected Unit Credit (PUC) method is used in calculations, as required by GRAP 25.

Valuation of Assets

No assets have been set aside to match the above mentioned liabilities. (no plan assets per GRAP 25).

Statistics on eligible retirees

Number of participants	16	16
Average age (years)	58,10	57,10
Average service (years)	6,70	5,70

Key actuarial assumptions used

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

Financial assumptions

Discount rate	8,57 %	8,94 %
Salary inflation rate	- %	3,00 %

No assumption of increase for 31 March 2024, as it is assumed all the members of the Legislature would receive the gratuities following the national elections to be held on 29 May 2024.

GRAP 25 requires that the discount rate be set with regards to the market yield on government bonds at the reporting date. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses the current market rates of the appropriate term to discount short term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Demographic Assumptions

No withdrawal or mortality assumption is assumed over the 2 months until the next national election.

The next election date is assumed to be the date that the employee's office ceases.

Sensitivity analysis

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	1% decrease	30 June 2024 Valuation basis	1% increase
Discount rate	7 042 000	7 031 000	7 021 000

There is a inverse relationship between the discount rate and the accrued liability. As such a decrease in the discount rate will lead to an increase in the accrued liability, whereas an increase in the discount rate will lead to a decrease in the accrued liability.

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Figures in Rand	2024	2023
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13. Employee benefit obligations (continued)

Mortality

No mortality assumption is assumed over the 2 months until the next national election.

Exit gratuity benefits

Nature of the liability

The Free State Legislature ("the Legislature") has a liability towards members in respect of the Political Office Bearers Gratuity Arrangement. We were requested to calculate the value of the Legislature's liability towards qualifying members, as prescribed in GRAP 25.

Prior to 7 May 2019 (previously thought to be 29 February 2016), all members who were political office bearers (as defined in the Fund's rules), received the Fund benefits outlined below upon ceasing to be a political office bearer.

The Basic Fund Credit comprising the retirement-funding contributions paid by the member (including any additional voluntary contributions) plus contributions paid by the employer on her/his behalf (including any transfer value received from another fund) plus net Fund returns.

The Additional Service Benefit, of 200% per year of qualifying service (up to a maximum of 10 years) multiplied by the member's Revalued Pensionable Salary as at date of leaving office. Qualifying service is all contributory service except for service as a diplomat.

In case of a member who has completed more than one full term of office (or more than 5 years in office), the Equalisation Amount. This amount is calculated as the accumulated value of deemed employer contribution of 20% of the members pensionable salary over the member's full period of contributory service (but excluding any service as a diplomat), accumulated with Fund returns, but subject to a maximum of the difference between (a) an amount termed the Maximum Benefit and (b) the sum of (i) the members basic Fund Credit, being the accumulated value of the member's own ordinary contributions (but excluding any such contributions made after completing 15 years of qualifying service) and the State's ordinary retirement-funding contributions, and (ii) the member's Additional Service Benefit. The Equalisation Amount has a minimum of zero.

Valuation method

The Projected Unit Credit (PUC) method is used in calculations, as required by GRAP 25.

Valuation of Assets

No assets have been set aside to match the above mentioned liabilities. (no plan assets per GRAP 25).

Statistics on eligible retirees

Number of participants	9	9
Average age	60,70	60,70
Average service (years)	9,20	9,20

Key actuarial assumptions used

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

Financial assumptions

Discount	8,94 %	8,40 %
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No salary inflation was assumed as the gratuity payment are assumed to be fully paid by the next election.

GRAP25 requires that the discount rate be set with regards to the market yield on government bonds at the reporting date. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses the current market rates of the appropriate term to discount short term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

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13. Employee benefit obligations (continued)

As at 31 March 2024, there was only 2 months until the next national election. A rate obtained from zero-coupon yield curve derived from government bonds as at 31 March 2024, based on duration of 2 months: A fixed interest zero coupon rate of 8.94%.

No withdrawal or mortality assumption is assumed over the 2 months until the next national election.

The next election date is assumed to be the date that the employee's office ceases. This is consistent with previous valuation as previously assumed that remaining members would be paid gratuity amount in 2024 election.

Sensitivity analysis

The Defined Benefit Obligation values are not dependent on the discount rate used in the GRAP25 report. These amounts are based on assumptions used by the administrator to determine the benefit.

The valuations results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	1% decrease	30 June 2024 Valuation basis	1% increase
Discount rate	13 233 000	13 071 000	13 272 000

Mortality

No mortality assumption is assumed over the 2 months until the next national election.

14. Other income

Insurance Claims and other income	560 500	237 261
Supplier interest reversed	-	12 669
	560 500	249 930

15. Interest received

Interest revenue		
Cheque Account	788 422	721 429
Investment Account	3 706 094	1 714 446
Staff debt	19 846	31 415
	4 514 362	2 467 290

16. Service in-kind

Department of Public Works-4th Raadsaal	3 543 398	4 082 611
South African Police Services	1 324 241	1 231 853
	4 867 639	5 314 464

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

The service in kind relating to the Fourth Raadsaal buiding is based on the Rode's Report on Property Markets.

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

Free State Legislature

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Figures in Rand	2024	2023
17. Government grants & subsidies		
Operating grants		
Annual Appropriation	286 628 000	270 120 000
Statutory Appropriation	27 417 217	25 953 654
	314 045 217	296 073 654
Statutory appropriation		
Balance unspent at beginning of year	-	186 938
Current-year receipts	29 007 000	24 533 000
Conditions met - transferred to revenue	(27 417 217)	(25 953 654)
Fund surrendered to FSPT	-	(186 938)
Receivable recognised - note 5	-	1 420 654
Received in respect of receivable recognised	(1 420 654)	-
Unspent conditional grants and receipts	169 129	-

Annual appropriation:

FSL used its retained revenue amounting to R30 055 000 in terms of Section 23(1) of Financial Management of Parliament and Provincial legislatures Act, 2009.

Free State Legislature

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
18. Employee related costs		
Accrual Service bonus	442 041	125 992
Accrual leave expense	(307 392)	(390 874)
Acting allowances	570 802	440 636
Basic	96 716 284	89 529 745
Bonus	8 103 750	7 547 835
Car allowance	6 215 990	6 065 249
Cellphone allowance	803 487	824 176
Defined contribution plans	16 515 450	15 410 547
Employee benefit obligation - Current service cost	13 038 856	771 000
Head of department allowances	313 665	291 978
Housing benefits and allowances	6 490 009	5 826 115
Leave payments	4 687 355	4 121 556
Long-service awards	4 105 583	-
Medical aid - company contributions	6 639 176	6 022 910
Non-pensionable Allowance	248 704	4 204 954
Overtime payments	1 953 252	1 460 695
UIF	335 672	332 754
Uniform allowance	13 884	10 141
	166 886 568	142 595 409
Remuneration of the Secretary		
Annual Remuneration	1 925 965	1 810 852
Car Allowance	622 800	579 348
Bonus	160 497	143 556
Contributions to UIF, Medical and Pension Funds	401 747	372 897
Cellphone Allowance	28 200	28 200
Housing allowance	51 924	48 300
HOD allowance	313 665	291 978
Long service Bonus and Rebate	184 160	-
	3 688 958	3 246 930
Remuneration of Chief Finance Officer		
Annual Remuneration	1 780 649	1 681 418
Car Allowance	535 092	497 760
Cellphone allowance	24 600	24 600
Contributions to UIF, Medical and Pension Funds	344 535	324 014
Housing allowance	51 924	48 300
Bonus	148 387	138 035
Long service: Bonus and Rebate	154 442	-
	3 039 629	2 714 127
Remuneration of Joint Management		
Annual Remuneration	10 810 176	9 042 949
Car Allowance	3 007 249	2 499 744
Cellphone allowance	116 321	119 942
Contributions to UIF, Medical and Pension Funds	2 142 586	1 730 478
Housing allowance	311 544	324 402
Bonus	856 197	809 886
Acting allowance	620 469	2 702
	17 864 542	14 530 103

Free State Legislature

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Figures in Rand	2024	2023
19. Members remuneration		
Basic Salary	14 127 990	13 556 822
Basic Backdated	256 514	-
Non pensionable allowance	3 317 999	3 140 838
Car allowance	1 967 588	1 933 331
Public office beared allowance	2 330 000	2 250 000
Medical allowance	1 734 832	1 572 990
Political pension fund	3 682 294	3 499 672
	27 417 217	25 953 653
Remuneration of the Speaker - NB Sifuba		
Annual remuneration	1 175 614	1 157 532
Public office beared allowance	120 000	120 000
Medical and pension fund	368 388	356 953
Non pensionable allowances	495 355	461 978
	2 159 357	2 096 463
20. Transfers and subsidies		
Constituency allowance	32 987 221	30 591 191
Office allowance	21 455 509	20 192 697
Study allowance	333 696	281 915
Research allowance	6 043 018	5 819 019
	60 819 444	56 884 822
<p>Transfers and subsidies as disclosed for an amount of R60 819 444 (2022: R56,884,822) million 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 5.8 of the Policy on Fundig of the Political Parties policy requires that the books and records of account of evey 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.</p>		
21. Finance costs		
Finance leases	16 394	40 146
Interest cost - Employee benefit obligation	1 622 000	1 398 000
	1 638 394	1 438 146
22. Property Payments		
Office rent	15 979 232	17 671 914
Garden services	101 000	120 000
Municipal services	4 184 412	3 249 067
	20 264 644	21 040 981

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Figures in Rand	2024	2023
23. General expenses		
Advertising	6 847 125	1 132 528
Assets expensed	20 796	14 578
Audit fees	6 112 415	5 715 066
Bank charges	94 003	88 054
Catering	6 603 377	2 554 765
Cleaning	3 345	6 201
Communications	1 617 554	1 577 081
Computer expenses	250	2 496
Consulting and professional fees	10 771 260	5 548 464
Consumables	764 746	560 130
Donations-Speakers Activities	1 434 580	1 063 467
Flowers	13 254	22 700
Fuel and oil	1 146 347	769 200
Insurance	1 183 913	875 516
License and Subscriptions	2 863 809	2 757 187
Maintenance costs	837 194	172 548
Motor vehicle expenses	383 867	190 939
Performers and artists	4 734	8 264
Printing and publications	472 007	489 204
Protective clothing	160 565	119 570
Relocation cost	63 300	105 500
Rental: equipment and facilities	11 700 235	5 834 036
Study aid	1 323 836	889 924
Subscriptions and membership fees	1 324 517	2 010 522
Telephone and fax	875 706	1 016 323
Training	171 272	479 231
Transport and freight	3 747 813	639 588
Uniforms	126 967	74 490
	60 668 787	34 717 572
24. Travel and Subsistence		
Travel - Local	16 745 304	7 982 677
Travel - overseas	3 305 536	1 320 697
	20 050 840	9 303 374

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
25. Cash (used in) generated from operations		
(Deficit) surplus	(35 936 234)	10 759 839
Adjustments for:		
Depreciation and amortisation	2 646 578	2 104 502
Loss on sale of assets and liabilities	243 415	173 647
Impairment of assets	-	133 680
Actuarial (gain)/Loss	(694 000)	(1 113 000)
Leave pay Provision	(307 393)	(390 873)
Accrued Bonus Provision	442 041	125 992
Accrued Payroll	(403 955)	492 779
Subsistence & Traveling Accruals	26 576	95 158
Salary suspense	(1 673 114)	-
Finance costs	1 622 000	1 438 146
Interdepartmental Claim-Police	-	43 540
Movements in operating lease	(837 950)	(97 678)
Social club	229 101	119 500
Sport club	(194 400)	115 600
Employee benefit obligations	13 037 315	771 000
Changes in working capital:		
Inventories	101 816	(129 068)
Receivables from exchange transactions	(4 311)	(335 909)
Other receivables from non-exchange transactions	1 420 654	(1 420 654)
Prepayments	841 292	(637 433)
Unspent conditional grants and receipts	169 129	(186 938)
Trade and other payables	(88 279)	(317 476)
Political Parties suspense	-	162 977
	(19 359 719)	11 907 331

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Figures in Rand	2024	2023
26. Commitments		
Authorised capital expenditure		
Operating leases		
• Mowana Properties	-	238 241
• Southern Life Plaza	10 061 998	21 478 134
	10 061 998	21 716 375
Approved and not yet contracted for		
• Xerox	76 860	302 946
• Xhibit	-	6 454 920
• Thepa trading	-	5 126 577
• Bidvest	-	21 487
• Siswe Buhle	-	10 000
• PWC	65 360	150 636
• AFRISIX	71 878	115 383
• Microsoft Ireland Operations Ltd	2 338 756	6 042 273
• Isaac Pest	147 600	-
• Mubeko Africa (PTY) Ltd	259 960	-
• Sanitech	143 659	-
	3 104 073	18 224 222
Total operational commitments		
Already contracted for but not provided for	10 061 998	21 716 375
Not yet contracted for and authorised by member	3 104 073	18 224 222
	13 166 071	39 940 597

Errors were identified on the 2023 commitments register and corrected as follows:

Mathematical errors	(270 000)
Correcting of contractual amounts	6 420 052
	6 150 052

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Figures in Rand	2024	2023
27. Budget differences		
Basis difference - Cash Flow		Reconciliation
Profit as per budget statement		(22 344 245)
(Increase) / Decrease in inventories		101 816
(Increase) / Decrease in receivables		1 416 343
(Increase) / Decrease in Prepayments and advances		841 292
(Increase) / Decrease in Payables		(1 969 423)
Accrual provision		(871 137)
Finance lease Liability		209 692
Loss on disposal of assets		22 167
Net increase/(decrease) in cash and cash equivalents		(22 593 495)

Material differences between budget and actual amounts

- 27.1 Other income: Accident Insurance claims not considered during the budget process.
 27.2 Interest received: Interest revenue not considered during budget process.
 27.3 Annual appropriation: Adjustment budget approved with condition that the adjustment of R30 055 000 should be funded from surplus funding of FSL.
 27.4 Employee related cost: Variance is not considered to be material.
 27.5 Members Remuneration: Receivable of R1,420,654 in respect of 2023/24 members annual increase.
 27.6 Transfers and subsidies: Variance is not considered to be material.
 27.7 Payment for capital assets: Panel van vehicle not purchased which was budgeted for.
 27.8 Goods and services: Accrued expenses for 2023-24 financial year paid in April 2024.

Changes between the approved and final budgets

The South African consultative democracy requires proper public involvement in the law-making process. As a bill progress through different stages, public must be informed and consulted. During the 2023-24 financial year more bills have been deferred to provincial legislatures than in the previous years, therefore the adjustment budget of the FS Provincial Legislature.

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Figures in Rand 2024 2023

28. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	725 994	725 994
Receivables from non-exchange transactions	56 284	56 284
Cash and cash equivalents	40 868 740	40 868 740
	41 651 018	41 651 018

Financial liabilities

	At amortised cost	Total
Finance lease obligation	74 721	74 721
Payables from exchange transactions	2 797 958	2 797 958
	2 872 679	2 872 679

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	63 462 236	63 462 236
	64 215 285	64 215 285

Financial liabilities

	At amortised cost	Total
Finance lease obligation	284 413	284 413
Payables from exchange transactions	4 532 775	4 532 775
	4 817 188	4 817 188

The prior year financial liabilities were affected by the prior year corrections on Payables from exchange transactions. Refer to note 29.

Excluding Operating lease liability from financial instrument previously included as per GRAP 104.

Financial liabilities previously reported: R6 790 916.

29. Prior year error

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

Heritage assets previously disclosed under GRAP 17 - PPE are now separately disclosed as per GRAP 103. Correction results in a decrease in PPE and an increase in Heritage assets amounting to R3 185 870.

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Figures in Rand 2024 2023

29. Prior year error (continued)

The following corrections were performed on Property, Plant and equipment:

- Correction of prior year remaining useful lives;
- Correction of assets incorrectly included in prior years disposals; and
- Recording of assets previously omitted from the fixed asset register.

The corrections resulted in a decrease of Property, plant and equipment amounting to R51 689, a decrease of Depreciation and amortisation amounting to R31 550, a decrease in Loss on disposal of assets amounting to R4 364, and an increase in Opening Accumulated Surplus amounting to R15 773.

Accounting for Interdepartmental Police claim never accounted for. This correction resulted in an increase of Trade payables and a decrease of the Opening Accumulated Surplus amounting to R54 338.

Correctly accounting for staff debt previously omitted. This correction resulted in an increase of Receivables from exchange transactions amounting to R24 459, a decrease in Opening Accumulated surplus amounting to R8 745, an increase in Interest Received amounting to R1 246 and a decrease in Employee Related Cost amounting to R31 958.

Correcting of Salary control accounts during 2022 financial periods. This correction resulted in an increase in Trade payables and a decrease of the Opening Accumulated Surplus amounting to R43 059.

Accounting for gratuities payable to members who have served 5 years or more and whose term of office has ended, will be entitled to a once-off gratuity Benefit, in terms of gazetted remuneration. This correction resulted in an increase in Employee Benefit Obligation amounting to R5 766 000, an increase in Employee Related Cost amounting to R771 000, an increase in Finance Cost amounting to R463 000, an Increase in actuarial gains/(loss) amounting to R106 000 and a decrease in Opening Accumulated surplus amount to R4 638 000.

Correct disclosing of Insurance under General expenses. This correction resulted in an increase in general expenses and a decrease in Property payments amounting to R875 516.

Correction of Irregular expenditure prior year closing balance from R110 798 to R71598,46 due to valid deviations that were included in irregular register but were valid transactions.

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Cash and equivalents		63 462 236	-	63 462 236
Receivables from exchange transactions		1 823 064	24 459	1 847 523
Receivables from non-exchange transactions		1 476 938	-	1 476 938
Prepayments		1 112 821	-	1 112 821
Inventories		550 342	-	550 342
Property, plant and equipment	8	14 163 230	(3 134 181)	11 029 049
Intangible assets		105 503	-	105 503
Heritage Assets	9	-	3 185 870	3 185 870
Finance lease obligation		(209 692)	-	(209 692)
Operating lease liability		(837 950)	-	(837 950)
Payables from exchange transactions	12	(22 856 686)	(97 397)	(22 954 083)
Finance lease obligation		(74 721)	-	(74 721)
Operating lease liability		(1 233 176)	-	(1 233 176)
Employee benefit obligation		(12 561 000)	(5 766 000)	(18 327 000)
Opening Accumulated surplus		(33 102 188)	4 728 367	(28 373 821)
		11 818 721	(1 058 882)	10 759 839

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
29. Prior year error (continued)				
Statement of financial performance				
2023				
	Note	As previously reported	Correction of error	Restated
Other Income		249 930	-	249 930
Interest received		2 466 044	1 246	2 467 290
Service in-kind		5 314 464	-	5 314 464
Government grants and subsidies		296 073 654	-	296 073 654
Employee related costs		(141 856 367)	(739 042)	(142 595 409)
Members remuneration		(25 953 653)	-	(25 953 653)
Transfers and subsidies		(56 884 822)	-	(56 884 822)
Depreciation and Amortisation		(2 136 052)	31 550	(2 104 502)
Impairment loss		(133 680)	-	(133 680)
Finance Cost		(975 146)	(463 000)	(1 438 146)
Loss on disposal of assets		(178 011)	4 364	(173 647)
Loss on foreign exchange transactions		(112 712)	-	(112 712)
Property Payments		(21 916 498)	875 516	(21 040 982)
General expenses		(33 842 056)	(875 516)	(34 717 572)
Travel and subsistence		(9 303 374)	-	(9 303 374)
Actuarial gain/(loss)		1 007 000	106 000	1 113 000
Surplus for the year		11 818 721	(1 058 882)	10 759 839

Free State Legislature

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023	
29. Prior year error (continued)			
Cash flow statement			
2023			
	Note	As previously reported	Restated
Cash flow from operating activities			
Receipts - Other income		-	427 701
Receipts - Grants		-	294 653 000
Receipts - Interest received		-	2 466 044
Payments - Employee cost	267 389	-	(141 402 623)
Payments - Members remuneration	(267 389)	-	(25 686 264)
Payments - Suppliers	-	-	(61 665 705)
Payments - Transfers and subsidies	-	-	(56 884 822)
			11 907 331
Cash flow from investing activities			
Purchase of Property, plant and equipment		(1 439 361)	(1 439 361)
Purchase of Intangible assets		(80 600)	(80 600)
			(1 519 961)
Cash flow from financing activities			
Finance lease payments		(365 609)	(365 609)
			(365 609)
Reconciliation of Cash generated from operations	Amount as previously reported	Prior period error	Total
Surplus (deficit)	11 818 721	(1 058 882)	10 759 839
Depreciation and amortisation	2 136 052	(31 550)	2 104 502
Loss on sale of assets	178 011	(4 364)	173 647
Post retirement benefit	133 680	-	133 680
Actuarial (gain)loss	(1 007 000)	(106 000)	(1 113 000)
Leave Pay Provision	(390 873)	-	(390 873)
Accrued bonus provision	125 992	-	125 992
Accrued payroll expense	492 779	-	492 779
Subsistence & Travelling Accruals	95 158	-	95 158
Finance cost	975 146	463 000	1 438 146
Interdepartmental Claim-Police	43 540	-	43 540
Movement in operating leases	(97 678)	-	(97 678)
Social Club	119 500	-	119 500
Sport Club	115 600	-	115 600
Employee benefit obligation	-	771 000	771 000
Inventories	(129 068)	-	(129 068)
Receivables from exchange transactions	(302 705)	(33 204)	(335 909)
Receivables from non-exchange transactions	(1 420 654)	-	(1 420 654)
Prepayments	(637 433)	-	(637 433)
Unspent conditional grants and receipts	(186 938)	-	(186 938)
Trade and other payables	(317 476)	-	(317 476)
Political Parties suspense	162 977	-	162 977
	11 907 331	-	11 907 331

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

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 to 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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 797 958	-	-	-
Finance lease obligation	76 860	-	-	-
	2 874 818	-	-	-
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	4 532 775	-	-	-
Finance lease obligation	226 086	76 860	-	-
	4 758 861	76 860	-	-

The prior year reported figure were affected by the prior period correction performed on payables from exchange transactions. Refer to note 30.

Excluding non financial instruments fro

Financial liabilities previously reported: R24 040 688.

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.

Financial instrument	2024	2023
Cash and cash equivalents	40 868 740	63 462 236
Receivables from exchange transactions	725 994	696 765
Receivables from non-exchange transactions	56 284	56 284

Correcting the prior year disclosure by excluding non financial instruments as per GRAP 104.

Financial instruments previously reported: R67 875 059.

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

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30. Risk management (continued)

Market risk

Interest rate risk

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

31. Contingencies

Contingent liabilities

MEC Police	14 996	14 996
CCMA Case	402 300	402 300
Modernisation of Raadsaal	350 000	350 000
Central Plaza Investment	200 000	200 000
Thandiwe Reachable vs The ANC & Others	350 000	350 000
Central Plaza Investment vs FSL	250 000	250 000
Seroue Maroele vs FSL	300 000	300 000
	1 867 296	1 867 296

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.

3. Modernisation of Raadsaal:

Review Application (Case 5243/2021) pending, still at pleading stage.

4. Central Plaza Investment:

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

5. 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.

6. Central plaza Investment:

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

7. Seroue Maroele Case:

Notice of Motion was received by the Legislature.

Including Dominic Modipa and Others vs Free State Legislature under CCMA cases which was omitted from the prior year Contingent Liabilities.

Contingent Liabilities previously reported: R1 832 796.

32. Related parties

Relationships

Department of Public Works

Occupation of the Fourth Raadsaal Free of charge-
Refer to note on Services in kind 16

South African Police Services

National key point protection services. Refer to note
on Service in kind 16

Key management and members

Refer to note 18 and 19

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Annual Financial Statements for the year ended 31 March 2024

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Figures in Rand	2024	2023
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33. Events after the reporting date

Contingent liabilities disclosed was approved on 30 April 2024 to be removed from the Contingent liabilities register due to the following reasons:

- The cases are not related to any monetary value against the Free State Legislature; and/or
- The claims are not based on summons issued in the Court of Law.

Payables amounting to R66 590 were approved to be written off on 29 April 2024 as those transactions are over a period of 5 years and none of the suppliers had contact the legislation in relation to these amounts/debt in question.

34. Fruitless and wasteful expenditure

Opening balance as previously reported	48 529	429 800
Add: Fruitless and wasteful expenditure identified - current	55 069	17 145
Less: Amount recoverable - officials and suppliers	(2 375)	(217 570)
Less: Amounts condoned - prior period	(17 145)	(180 846)
Less: Amounts condoned - current year	(52 694)	-
Closing balance	31 384	48 529

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Catering	None	2 375	11 205
Public Transport	None	52 694	5 940
		55 069	17 145

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
35. Irregular expenditure		
Opening balance as previously reported	71 598	702 072
Opening balance as restated	71 598	702 072
Add: Irregular Expenditure - current	3 188 595	-
Less: Amount written off- current	(14 168)	(630 474)
Less: Amount written off - prior period	(71 598)	-
Closing balance	3 174 427	71 598

Irregular expenditure is presented inclusive of VAT

Analysis of Expenditure awaiting condonation per age classification

Prior years	-	71 598
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Incidents/cases identified included those listed below:

	Disciplinary steps taken/criminal proceedings		
PPR not advertised	None	2 919 307	-
Three written quotations not invited		204 838	-
Contract not awarded to the highest bidder		64 450	-
		3 188 595	-

Full extent of Irregular expenditure will be investigated.

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

SCM Process - Non-compliance	14 168	630 474
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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.

We draw attention to the fact that at 31 March 2024, the entity had an accumulated deficit of R35 936234 and the entity's current liabilities exceed current assets by R2 471 859.

Events such as a deficit for the year of R35 936 234, current liabilities exceeding current assets by R2 471 859, long-service recognition and provision of benefits for non-returning MPLs do impact as liabilities. However the core of these benefits such as gratuities are statutory in terms of the Constitution of RSA. In terms of planning, budget provision are made for realisation and settlement of liabilities such as mentioned staff benefits.

The going concern assumption is based on the probability that a going concern will continue to exist after a 12-month period after reporting date. Although some financial results may raise concerns on the going concern assumption of the Legislature, it must be highlighted that the institution is reliant on government funding and it is highly unlikely that government will not fulfill its obligations in terms of funding requirements.

Free State Legislature

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
37. Finance lease obligation		
Minimum lease payments due		
Capitalised lease Liability - Armotised Cost	74 721	284 413
	<u>74 721</u>	<u>284 413</u>
less: Current portion transferred to Current liabilities	(74 721)	(209 692)
Total Long-term Borrowings	-	74 721

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 one year	76 860	226 086
- Payable withing 2 to 5 years	-	76 860
less: Future Finance Obligation	(2 139)	(18 533)
Present value of finance lease obligations	74 721	284 413
Non-current liabilities	-	74 721
Current liabilities	74 721	209 692
	74 721	284 413

List of finance lease obligations.

Supplier	Description of the Lease	Effective interest Rates	Annual Escalation	Lease Term	Maturity Date
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
Gerox	ALTALINK C8070	5,26 %	- %	3 years	2023/11/24
Gerox	ALTALINK C8070	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

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

38. Impairment of assets

Impairments		
Property, plant and equipment	2 905	-
During the unbundling of WIP operational cost identified.		
Heritage assets	-	133 680
Numerous Heritage assets were found with conditions of poor to very poor during the physical verification process. These assets were impaired to R1.		
	2 905	133 680

Notes

A series of horizontal lines for taking notes.



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