



ANNUAL REPORT 2016/17

PRESERVING
THE **HERITAGE**
KEEPING
THE **NATION**
UNITED



nhc
National Heritage Council
SOUTH AFRICA
an agency of the
Department of Arts and Culture

A TIMELINE OF OLIVER REGINALD TAMBO

A liberation Struggle Icon

October 1917 - April 1993

Born in Kantolo, Mbizana in the Mpondoland district of the Eastern Cape on the 27th October 1917, Oliver Reginald (OR) Tambo was born into a large Christian family. He began his formal education at the Ludeke Methodist School and completed his primary education at the Holy Cross Mission. He attended high school in Johannesburg at St Peter's College in Rossettenville. Here he joined the choir and developed a lifelong passion for choral music.

In 1941 he obtained a BSc from Fort Hare University. It was at the university that he became actively involved in politics, he led a class boycott to demand a democratically elected Student Representatives Council, and was subsequently expelled because of this, therefore he was unable to complete his BSc honours at the university. He returned to St Peter's College as a mathematics and physics teacher in 1942.

While teaching in Johannesburg, he became a very active member within the ANC, forming the Youth League (ANCYL) and becoming its first national secretary in 1944. He was promoted to president of the Transvaal ANCYL in 1948 and national vice-president of the organisation in 1949.

He was elected with Walter Sisulu to the National Executive Committee of the ANC, this was a direction change for the ANC as the Youth League wanted to change the organisation from one addressing the African elite to a

movement of struggle involving the masses of uneducated and unskilled black workers.

In 1948 he began serving his articles at the law firm of Max Kramer and Tuch and a At the end of 1949, Tuch and Tambo joined the company of Solomon Kowalsky. In 1951 he launched the first black law firm in partnership with Nelson Mandela.

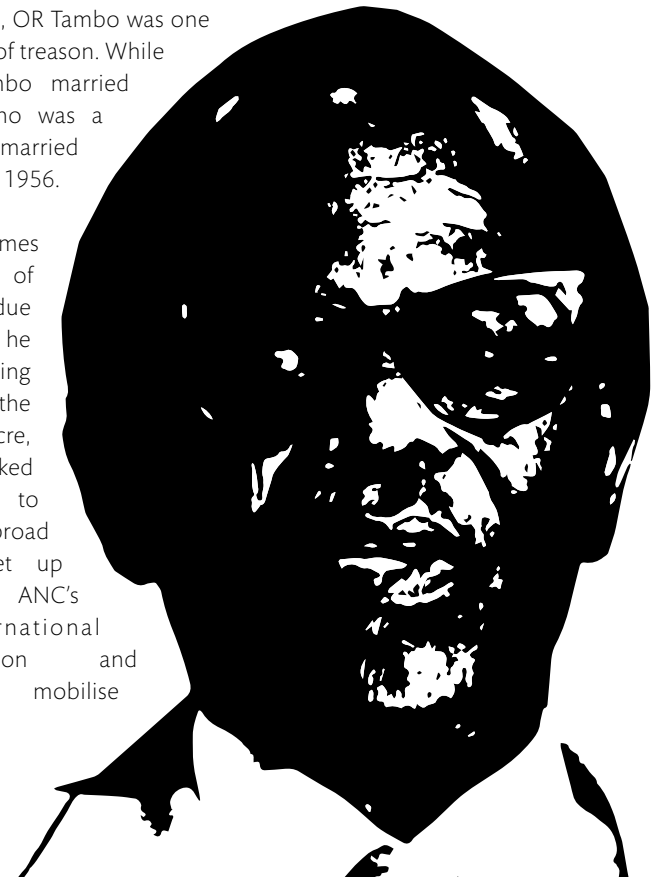
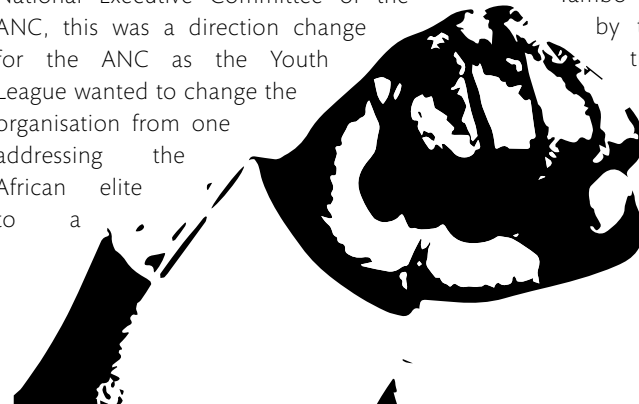
In 1953, Walter Sisulu was banned in terms of the Suppression of Communism Act and ordered to resign from his position as Secretary General of the ANC, this role was then given to OR Tambo.

In 1956, due to serving on the National Action Council, which headed the mobilisation for the Defiance Campaign, OR Tambo was one of 156 people accused of treason. While out on bail OR Tambo married Adelaide Tsukhudu who was a nurse at the time. They married on the 22nd December 1956.

In 1958 OR Tambo becomes the Deputy President of the ANC and in 1959 due to the Treason Trial he receives a 5 year banning order. In 1960, after the Sharpeville Massacre, Tambo was asked by the ANC to travel abroad and set up the ANC's international mission and to mobilise

international opinion against the apartheid regime. During his time abroad he was instrumental in the establishment of ANC missions globally, 27 countries in total by 1990. He helped lobby support for the ANC and raised the international reputation of the ANC to one of great prestige.

He was a key player when the ANC embarked on the armed struggle, with the support of other African countries, spaces were provided for training camps for Umkhonto we Sizwe. In 1963 he gave a passionate plea at the UN for the release of political prisoners in South African jails.



A TIMELINE OF OLIVER REGINALD TAMBO

A LIBERATION STRUGGLE ICON

1917
Born 27th October in Kantolo, Mbizana in Mpondoland district of the Eastern Cape

1928
Begins at Anglican Holy Cross Missionary School at Flagstaff, Eastern Cape

1942
Graduates with BSc degree from the Fort Hare University but is expelled for political activity

1947
Becomes member of the National Executive Committee of the ANC

1938
Achieves his matric certificate

1943 to 1947
Teaches maths and physics at St Peter's Secondary School in Johannesburg

1948
Begins serving law articles at Max Kramer and Tuch

1951
Qualifies as a lawyer

1951
Establishes first black law partnership with Nelson Mandela

1956
Arrested on charges of high treason, while out on bail marries Adelaide Tshukudu

1960
Goes into exile, eventually settling in London with Adelaide and their three children

1967
Becomes acting President of the ANC

1985
Calls on South Africans to "render South Africa ungovernable"

1977
Addresses the UN Security Council

1989
Suffers a stroke

1991
Installed as Chancellor at the Fort Hare University

1960's
Heads the ANC diplomatic mission to campaign globally and gain support for the anti-Apartheid cause. Addresses the UN General Assembly Special Political Committee, appearing for the freedom of South Africa.

1978
Visits Vietnam where he attends numerous classes and meetings with other activists

1990
Meets with Nelson Mandela again for the first time in nearly three decades. Moves back with his family to South Africa

1993
Passes away on the 23rd April



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PART A:

GENERAL INFORMATION

PART A:
GENERAL INFORMATION

1. ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	NATIONAL HERITAGE COUNCIL OF SOUTH AFRICA
PHYSICAL ADDRESS:	DOMUS BUILDING, 57 KASTEEL ROAD (CNR INGERSOL & KASTEEL ROADS), LYNNWOOD GLEN SOUTH AFRICA 0081
POSTAL ADDRESS:	PO Box 74097 Lynnwood Ridge Pretoria 0040
TELEPHONE NUMBER/S:	+27 12 348 1663/8223
FAX NUMBER:	+27 12 348 2833
EMAIL ADDRESS:	nhc@nhc.org.za
WEBSITE ADDRESS:	www.nhc.org.za
EXTERNAL AUDITORS:	Auditor General of South Africa
INTERNAL AUDITORS:	Audit and Risk Management Services
BANKERS:	First National Bank
COMPANY SECRETARY:	Ms Zimkhitha Thomas

PART A:
GENERAL INFORMATION

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BBBEE	Black Broad Based Economic Empowerment
CEO	Chief Executive Officer
DAC	Department of Arts and Culture
DoBE	Department of Basic Education
DMV	Department of Military Veterans
LHR	Liberation Heritage Route
MEC	Member of Executive Council
MHSC	Mining Health and Safety Council
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAC	National Arts Council
NFVF	National Film and Video Foundation
NHC	National Heritage Council
NLDTF	National Lotteries Distribution Trust Fund
PanSALB	Pan South African Language Board
PFMA	Public Finance Management Act
SAHRA	South African Heritage Resources Agency
SAMSA	South African Maritime Safety Authority
SANPARKS	South African National Parks
SATMA	South African Traditional Music Achievement
SMME	Small, Medium and Micro Enterprises
TR	Treasury Regulations
UNESCO	United Nations Education, Scientific and Cultural Organisation

PART A: GENERAL INFORMATION

3. STRATEGIC OVERVIEW

3.1 Vision

A nation proud of its African heritage.

3.2 Mission

Through development, promotion and preservation of heritage for sustainable development and transformation, we will know that we are achieving this when South Africans experience the following:

- They are knowledgeable about heritage;
- Have access to their heritage;
- Benefit from heritage;
- Utilise heritage in their lives; and
- Behave in a way that demonstrates their pride in heritage.

3.3 Values

Within Ubuntu philosophy, the following values will guide the programmes, actions and behaviours of Council Members and employees of the NHC and all those who are acting in its name:

- Batho Pele;
- Integrity;
- Professionalism;
- Equity; and
- Creativity

4. LEGISLATIVE MANDATES

The mandate of the NHC is contained in Section 4 of the National Heritage Council Act, 1999 (No. 11 of 1999). The objects of the act are:

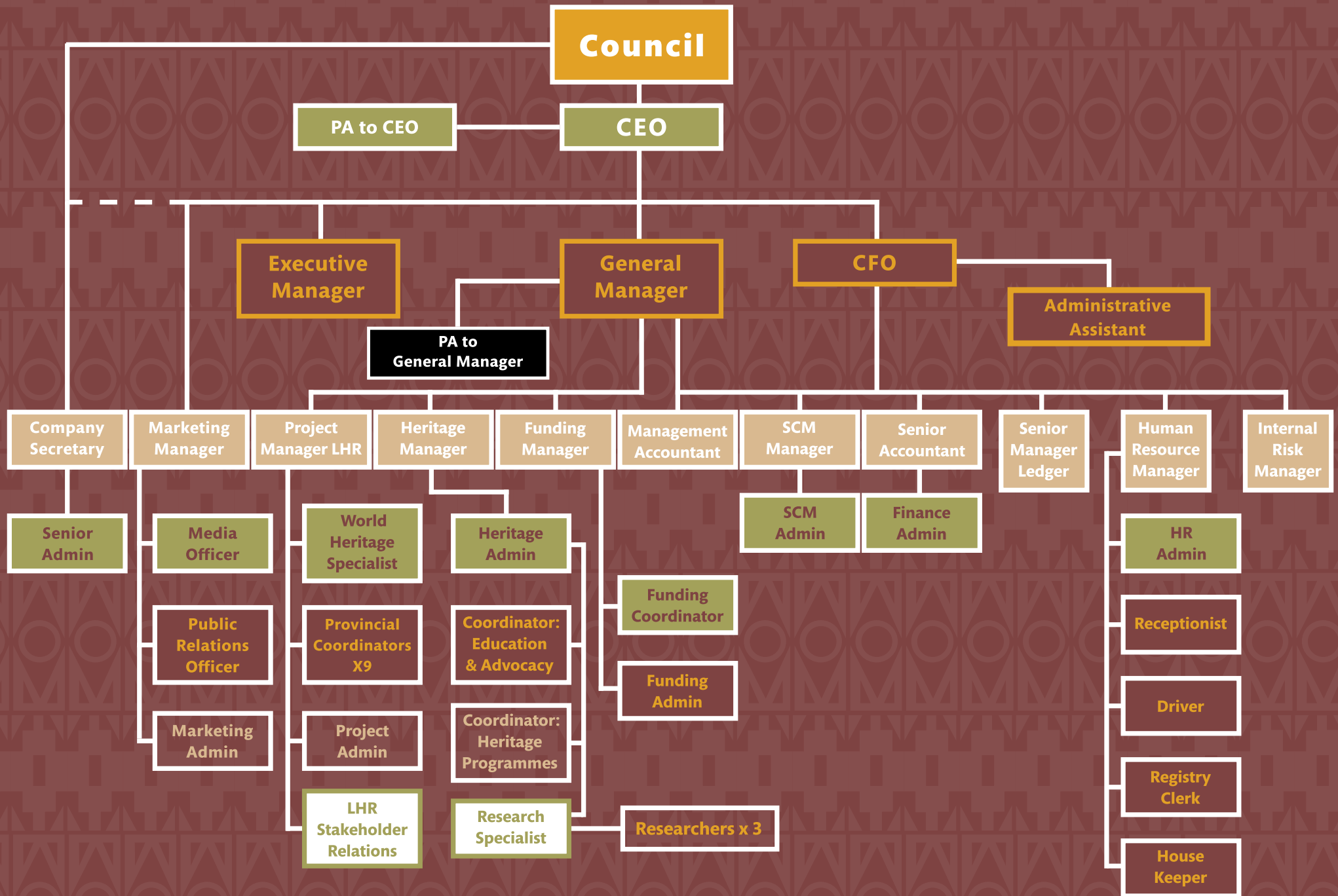
- a. To develop, promote and protect the national heritage for present and future generations;

- b. To coordinate heritage management;
 - c. To protect, preserve and promote the content and heritage which resides in orature in order to make it accessible and dynamic;
 - d. To integrate living heritage with functions and activities of the Council and all other heritage authorities and institutions at national, provincial and local levels;
 - e. To promote and protect indigenous knowledge systems including but not limited to enterprise and industry, social upliftment, institutional framework and liberatory processes, and;
 - f. To intensify support for the promotion of history and culture of all our peoples and particularly to support research and publications on enslavement in South Africa.
- c. Investigate ways and means of effecting the repatriation of South African heritage objects presently held by foreign governments, public and private institutions and individuals;
 - d. Make grants to any person, organisation or institution in order to promote and develop national heritage activities and resources;
 - e. Co-ordinate the activities of public institutions involved in heritage management in an integrated manner to ensure optimum use of state resources
 - f. Monitor and co-ordinate the transformation of the heritage sector, with special emphasis on the development of heritage projects;
 - g. Consult and liaise with relevant stakeholders on heritage matters;
 - h. Generally support, nurture and develop access to institutions and programmes that promote and bring equity to heritage management;
 - i. Promote an awareness of the history of all our peoples, including the history of enslavement in South Africa;
 - j. Lobby in order to secure funding for heritage management and to create a greater public awareness of the importance of our nation's heritage;
 - k. Perform such duties in respect of its objects as the Minister may assign to it; and
 - l. The Council may on its own initiative advise the Minister on any matter concerning heritage.

The core functions of the Council of the NHC are set out in the NHC Act. These core functions inform the day-to-day realities of the organisation and will therefore be pre-eminent in strategic initiatives and their related objectives. The core functions of the Council are to:

- a. Advise the Minister on:
 - i. National policies on heritage matters, including indigenous knowledge systems, treasures, restitution and other relevant matters; and
 - ii. Any other matters concerning heritage which the Minister may from time to time determine;
- b. Advise the Minister on the allocation of core funding to declared cultural institutions;

5. ORGANISATIONAL STRUCTURE



* The organisational structure has been reviewed

5. FOREWORD BY THE CHAIRPERSON

This Annual Report presents the operational and financial performance of the National Heritage Council (NHC) in the 2016/17 financial year. It presents a range of financial and non-financial disclosures to enable our stakeholders to make an informed assessment of the NHC's overall performance over the past financial year.

2017 marks a number of important anniversaries in the national calendar and heritage in particular viz. the centenary of the sinking of the SS Mendi, the centenary of OR Tambo, the 40th anniversary of the killing of Steve Biko, and 30th Anniversary of the "Dakar Talks" between the African National Congress and the National Party.

The strategy crafted by the Council after assuming office in 2014 is maturing and proving to be effective and achievable. This strategic approach is premised on repositioning the NHC towards operational excellence. This also includes ensuring that NHC programmes and projects contribute to the fight against the triple challenges of poverty, inequality and unemployment.

Council supported by management sought to leverage on the strengths of the NHC and stakeholders to break new ground and initiate new programmes and projects. Among others, engagements with the University of Fort Hare to establish a Heritage Institute are on-going and would leave a lasting legacy for this Council.

The objectives of the Council, as the Accounting Authority, are to ensure sound governance, as well as support management in the development of strategies that will ensure sustainable performance and value creation in the pursuit of the mandate of the NHC. The Council is committed to ensuring that it maintains the appropriate balance between oversight and ensuring that the NHC retains its agility, responsiveness and creative flair.

Both the global and local economic environment remained challenging during the past financial year necessitating the implementation of austerity measures and improved efficiency to contain expenditure. This has resulted in scaling back of certain activities and projects, in order to align the NHC with the government's objective of lowering expenditure while delivering on the core mandate and functions. This has stimulated innovation and creativity, resulting in collaborations and partnerships to fulfil the NHC's mandate.

Furthermore, the NHC contributed to the policy discourse aimed at reviewing the architecture and trajectory of the arts, culture and heritage sector going forward, through the review of the White Paper on Arts, Culture and Heritage.

Despite trying socio economic conditions, the NHC looks to the year ahead with confidence and belief that the organisation is well positioned to sustain and improve its levels of performance and achievement against predetermined objectives.

As part of the repositioning of the NHC, the Council approved the reviewed Organisational Structure to improve efficiency and effectiveness in the organisation.

The Council as the Accounting Authority, supported by the Audit and Risk Committee and other Council committees, acknowledges its responsibility to ensure the integrity of the Annual Report and has applied its mind to the Annual Report. It is of the opinion that it addresses all material matters and fairly presents the performance of the NHC. The Council approved the Annual Report on 27 July 2017.



.....
Dr. MM Balintulo
Chairperson

National Heritage Council
31 July 2017



NHC COUNCIL MEMBERS



Dr. MM Balintulo
Chairperson



Ms Alice Damane
Deputy Chairperson



Ambassador Dikgang Moopelo
Chairperson of IZIKO Museum



Advocate Sanet Botha
Western Cape Provincial Representative



Prof S Boullion
Chairperson of SAHRA



Mr Mlawu Tyatyeka
Eastern Cape Provincial Representative



Chief Livhuwani Matsila
Limpopo Provincial Representative



Mr Moses Themba Makhweyane
Mpumalanga Provincial Representative



Dr Mirriam Tawane
Ministerial Appointment



Ms Palesa Kadi
Gauteng Provincial Representative



Mr Lentikile Pelele
North West Provincial Representative



Mr Vonani Bila
Ministerial Appointment

In the 2016/17 financial year the NHC continued to make greater strides in implementing its mandate to protect and promote heritage; the implementation of the NHC mandate seeks to build a cohesive and united South African nation from the diverse cultures and heritage of our people.

NHC programmes remained rooted in its mandate to **develop, promote and protect** the national heritage for present and future generations. The NHC implemented and supported programmes and projects aimed at building national identity and fostering social cohesion.

The NHC engaged stakeholders, undertook research projects for knowledge production, heritage education and schools outreach, worked with strategic partners in implementing different programmes, and provided thought leadership through opinion pieces and other media engagements on topical issues that affect social cohesion and nation building.

The nation building project has been more difficult in the period of slow economic growth which saw social tension and contradictions sharpening against the backdrop of declining investment in culture and heritage institutions and programmes. The efforts to raise funds and other resources from the private sector yielded very little, and more often than not we could not match the resources to be invested by the private sector, in order to sustain programmes.

The importance of preserving our heritage for present and future generations is escalated every year, because of the multitude of global and local socio-economic factors that seek to influence society. If left to themselves, these factors could obliterate the national identity and pride of South Africans and introduce new value systems, hence the NHC's continued implementation of programmes like Ubuntu, to preserve our heritage, reinvigorate our value system, and sustain our national identity.

6. CHIEF EXECUTIVE OFFICER'S OVERVIEW



PART A:
GENERAL INFORMATION

The establishment of the Resistance and Liberation Heritage Route (RLHR) Project Management Office (PMO) will enhance efforts to address the fragmentation of the implementation of the RLHR programme and projects across the country. Furthermore, remarkable progress was recorded with preparation of the Expanded Nomination Dossier for submission to the UNESCO for the enlistment of the Liberation Heritage Route on the World Heritage List.

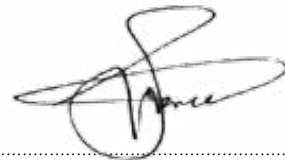
The NHC continued to play a strategic role through the consistent implementation of its mandate and good performance which cumulatively add value to the Government's developmental priorities of promoting and achieving a united and socially cohesive nation.

The NHC remained at the centre of high stakeholder expectations across the heritage spectrum; as a result was forced from time to time to stretch its limited resources to respond to the demand.

In the year under review the NHC extended its reach to previously underserved heritage typologies of mining and maritime heritage. The NHC commenced engagements with the Mining Health and Safety Council (MHSC) to commemorate various mining disasters; a Memorandum of Understanding was signed with the South African Maritime Safety Authority (SAMSA) to collaborate on various heritage related projects.

Given the prevailing negative economic climate, partnerships and collaborations are critical in implementing projects. The NHC was able to collaborate with fellow DAC agencies i.e. the National Film and Video foundation (NFVF) and the National Arts Council(NAC) to successfully host the Heritage Schools Outreach Programme. Further collaborations were undertaken with national and provincial departments and municipalities e.g. the Northern Cape Department of Sport, Arts and Culture and Sol Plaatje Municipality for the hosting of the Golden Shield Heritage Awards.

The NHC continued to enjoy another year of stability and sound labour relations; despite some resignations of key personnel in the core business the team was able to perform showing commitment to meeting the business objectives of the NHC.



Adv. Sonwabile Mancotywa
Chief Executive Officer

National Heritage Council
31 July 2017



PART B:
PERFORMANCE INFORMATION

PART B:
PERFORMANCE
INFORMATION

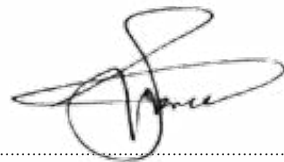
1. STATEMENT OF RESPONSIBILITY REGARDING PERFORMANCE INFORMATION

Statement of Responsibility Regarding Performance Information for the Year ended 31 March 2017

The Chief Executive Officer is responsible for preparation of the public entity's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance of the National Heritage Council for the financial year ended 31 March 2017.



.....
Adv. Sonwabile Mancotywa

Chief Executive Officer

31 July 2017

2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General has conducted its audit procedures on the performance information for usefulness and reliability.

Refer to page 58 of the Report of the Auditor General's Report, included in Part E: Financial Information.

3. OVERVIEW OF THE NATIONAL HERITAGE COUNCIL'S PERFORMANCE

3.1 Strategic Outcome Oriented Goals

The NHC has the following strategic outcome oriented goals:

Strategic Outcome Oriented Goal 1	An internationally recognised heritage organisation on the African continent
Indicators	<p>Increase the level of awareness and participation of the NHC as a heritage organisation in Africa through the following:</p> <ul style="list-style-type: none"> • Number of activities to promote awareness about the NHC • Number of multilateral and bilateral heritage agreements initiated with African countries • Number of presentations of research data on African Liberation Heritage Programme • Number of heritage exchange programmes participated in
Strategic Outcome Oriented Goal 2	Mainstreaming of liberation heritage
Indicators	<ul style="list-style-type: none"> • Level of progress with domestic management of liberation heritage • Level of progress towards world heritage listing of the LHR • Number of submissions on the African Liberation Heritage Programme • Number of research reports and publications • Number of presentations made on the liberation heritage • Number of knowledge partnerships signed • Number of inter-governmental arrangements formalised • Number of identified sites submitted for formal protection

PART B:
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Strategic Outcome Oriented Goal 3	Increased knowledge and awareness about South Africa's heritage by South Africa's citizens
Indicators	<ul style="list-style-type: none"> • Increased number of participants in heritage activities • Number of research outputs produced • Number of manuscripts from funded heritage projects published • Number of presentations made on heritage • Number of knowledge partnerships signed • Proportion of performance milestones achieved on the implementation of the NHC Language Policy • Level of implementation of the research agenda
Strategic Outcome Oriented Goal 4	The leading institution on intangible heritage in South Africa
Indicators	<ul style="list-style-type: none"> • Approved framework for the establishment of a heritage institute by 2017 • Number of Intangible Cultural heritage (ICH) research initiatives funded • Number of intangible heritage programmes implemented and tangible heritage programmes supported
Strategic Outcome Oriented Goal 5	Social Cohesion and nation building
Indicators	<ul style="list-style-type: none"> • Number of annual stakeholder engagement sessions • Number of advocacy programmes / campaigns conducted annually • Number of nation building initiatives implemented and funded annually
Strategic Outcome Oriented Goal 6	An effective, efficient and sustainable institution
Indicators	<p>Effectiveness</p> <ul style="list-style-type: none"> • Unqualified audit • Level of collaboration with experts in the field <p>Efficiency</p> <ul style="list-style-type: none"> • Level of functionality of operational systems • Establishment of Project Management Office <p>Sustainability</p> <ul style="list-style-type: none"> • Level of skills retention • Alignment with adapted King III • Level of viability and credibility of the knowledge management strategy • Retention of institutional memory • Diversity of funding streams

PART B: PERFORMANCE INFORMATION

3.2 Service Delivery Environment

In the year under review, there was an increase in the demand for:

- support of the NHC and partnerships from community based heritage projects;
- invitations for the CEO and other NHC personnel to attend and address heritage and cultural events.

While it was desirable to support as many of projects and events as possible, it was not always possible to respond positively to all requests, due to human and financial resource limitations.

The amendments to the National Lottery Distribution Trust Fund (NLDTF) Regulations excluded organisations like the NHC from qualifying for funding from the NLDTF. This was a setback, given the limited options for funding outside the DAC grant; raising funds from the private sector proved much more challenging and thus necessitated a rethink of strategy.

The NHC also initiated partnerships with other public entities to embark on projects in under-served heritage areas of mining and maritime heritage. Partnerships were commenced with the Mining Health and Safety Council (MHSC) and South African Maritime Safety Authority (SAMSA) respectively

3.3 Overview of the Organisational Environment

The organisation experienced some capacity challenges, particularly in the core business following the resignation of three key personnel which put a strain on the branch

to deliver on the APP. However, efforts were made to ensure the successful delivery of key projects despite these capacity constraints.

The NHC strived to sustain its presence and interaction with stakeholders across the three tiers of government as well as internationally. Engagement with stakeholders had to be balanced and weighed against the austerity measures implemented by government, in order to contain expenditure. This necessitated creativity and more use of ICT platforms to communicate rather than travel, which often posed challenges, as a significant portion of the NHC's stakeholders are at the grass roots level with limited access to ICT.

The Council approved a new functional organisational structure after a thorough review, in order to optimise performance and improve efficiency within the available resources.

In the 2016/17 financial year, the NHC continued to enjoy goodwill among stakeholders and acknowledgement as the first point of call on heritage matters. It continued to sustain its responsiveness and support to stakeholders, particularly rural communities and organisations; as well as reaching critical milestones through collaboration and partnerships with a range of stakeholders in the sector, locally and on the continent.

The NHC successfully implemented and supported flagship programmes like the South African Traditional Music Achievement Awards (SATMA), which have grown from strength to strength, as well as the Golden

Shield Heritage Awards, which are awarded in recognition of outstanding contribution and service to the preservation and promotion of heritage.

The organisation enjoys a sound and stable labour relations environment, with employees regularly engaged and consulted on developments affecting their conditions of service. Consequently, there has been no unrest or recorded disharmony between management and staff.

3.4 Key Policy Developments and Legislative Changes

Consultation with the DAC on the review of the White Paper on Arts, Culture and Heritage continued in 2016/17; however, there were no legislative changes.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The aim of this programme is to provide strategic leadership and enable NHC performance through the delivery of support services.

The programme is made up of the following sub-programmes:

- Office of the CEO;
- Communications;
- Company Secretariat; and
- Corporate Services.

PART B:
PERFORMANCE
INFORMATION

Key performance measures, targets and actual results

Strategic objectives:

- 1.1 Provide strategic management services
- 1.2 Provide legal services to the NHC
- 1.3 Promote the NHC and its programmes
- 1.4 Development of highly capable organisational personnel
- 1.5 Financial and procurement support provided
- 1.6 Provide IT support

SUMMARY

- A total of **17** targets had been planned for Programme 1 in 2016/17.
- **16** targets (**94%**) were achieved.
- **1** target (**6%**) was not achieved.

Performance Indicator	Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations	
1.1	Dates by which compliance documents are submitted to the DAC.	All compliance documents submitted to the DAC on time.	Organisation wide adherence to compliance dates implemented.	All compliance documents were approved and submitted to the DAC on time.	The target was achieved as planned with no deviation.	N/A
1.2	Percentage of legal services requests responded to within ten working days.	Responses responded to within 5 working days.	100% of legal services requested to be responded to within ten working days.	100% of legal services requested responded to within ten working days.	The target was achieved as planned with no deviation.	N/A

PART B:
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Performance Indicator	Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations	
1.3	Number of heritage publications produced and distributed.	1 x Heritage Magazine and 1 x Heritage information booklet published.	Heritage Magazine published and distributed (2x issues of 5000 copies each).	2 editions of the Heritage Magazine were published and distributed.	The target was achieved as planned with no deviation.	N/A
	Number of media engagements conducted.	16 media engagements were conducted.	12 x Media engagements conducted (media coordination for projects e.g. briefings).	19 media engagements conducted.	The target was exceeded by 7 media engagements.	There was an increase of media engagements to improve the profile of the NHC and its work on various heritage issues.
	Number of multi-media campaigns conducted and monitored.	12 x content updates were made on the website, social media, office reception areas, intranet, telephone voice overs and e-mail signatures.	10 multimedia awareness campaigns conducted about NHC key projects.	14 multimedia awareness campaigns conducted about NHC key projects.	The target was exceeded by 4 multimedia campaigns that were conducted.	There content updates were increased above the target in order to keep the NHC stakeholders abreast of developments in the NHC and the sector.
	Number of advertising and branding campaigns conducted.	New target.	1 x advertising and branding campaign conducted.	1 x advertising and branding campaign conducted.	The target was achieved as planned with no deviation.	N/A

PART B:
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Performance Indicator	Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations	
1.4	Level of implementation of the Approved Annual Training Plan in critical skills.	100% utilisation of the workplace skills development budget.	100% implementation of the approved Annual Training Plan on critical skills.	32% (7 out of 22) implementation of the approved Annual Training Plan on critical skills.	The target was missed by 68%.	The training target was missed due to resignations and operational demands which prevented officials from undertaking training as planned.
	Level of staff retained in funded positions	New Target.	80% staff retention in funded positions.	88% (22 of 25) of staff retained for the period under review.	The target was exceeded by 8%.	The target was exceeded because of effective retention of employees by the NHC.
	Number of initiatives to promote employee wellness	1 initiative to promote employee wellness conducted.	2 initiatives to promote employee wellness implemented.	2 initiatives to promote employee wellness implemented.	The target was achieved as planned with no deviation.	N/A
	Percentage of performance reviews conducted for all employees Quarterly.	3 performance reviews conducted for all employees in 2015/16.	100% Quarterly performance reviews for all employees conducted.	100% Quarterly performance reviews for all employees conducted.	The target was achieved as planned with no deviation.	N/A

PART B:
PERFORMANCE
INFORMATION

	Performance Indicator	Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
1.5	Annual statutory financial information provided within prescribed time.	Annual statutory financial information provided within the prescribed time.	2015/2016 Annual statutory financial information provided within prescribed time.	2015/2016 Annual statutory financial information provided within the prescribed time.	The target was achieved as planned, with no deviation.	N/A
	Level of audit issues resolved annually (%).	100% audit issues resolved.	100% audit issues resolved annually.	100% audit issues resolved.	The target was achieved as planned, with no deviation.	N/A
	Unqualified audit opinion (Unqualified) (Clean).	Unqualified Audit opinion received.	Unqualified audit opinion.	Unqualified Audit opinion received.	The target was achieved as planned, with no deviation.	N/A

PART B:
PERFORMANCE
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Performance Indicator	Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
1.6 Level of IT Client Satisfaction Survey rating achieved (%).	62.1% client satisfaction rating achieved.	IT Client Satisfaction Survey rating achieved (65%).	76% client satisfaction rating achieved.	The target was exceeded by 11%.	Client satisfaction increased due to the improvements in the service provided to staff on IT related matters.
Average response time from IT call logged until responded to (hours)	3 hours' average response time from time IT call logged until responded to.	100% of logged calls responded to within 2 hours average response time from IT call logged until responded to.	100% of logged calls responded to within 2 hours average response time	The target was achieved as planned, with no deviation.	N/A
Level Local Area Network availability (%).	95% Local Area Network availability.	Local Area Network availability (95%).	95% network availability achieved.	The target was achieved as planned, with no deviation.	N/A
Disaster recovery & business continuity plan reviewed and tested.	New target.	Disaster recovery & business continuity plan reviewed and tested.	Disaster recovery & business continuity plan reviewed and tested.	The target was achieved as planned, with no deviation.	N/A

Strategy to overcome areas of under performance

Training will be monitored and evaluated through the quarterly performance reviews and furthermore attendance of training will be considered during annual performance evaluations.

Changes to planned targets

There were no changes to planned targets.

4.2 Programme 2: Heritage Promotion

The purpose of the programme is to meet NHC customer expectations through the delivery of NHC products and services.

Programme 2 consists of the following sub programmes:

- Heritage Management
- Funding
- Liberation Heritage Route

Key Performance measures, targets and actual results

Strategic objectives:

- 2.1 Implemented exchange programmes per year
- 2.2 International multilateral engagements
- 2.3 Research outputs produced
- 2.4 Respond to enquiries on heritage submitted to the NHC
- 2.5 Impact Study Report concluded
- 2.6 Heritage articles contributed to accredited journals
- 2.7 Establish a Heritage Institute
- 2.8 Number of nation building initiatives implemented and funded
- 2.9 Community heritage projects supported and funded
- 2.10 Diversity of funding streams
- 2.11 Initiatives and programmes to mainstream liberation heritage

SUMMARY

- A total of **21** targets had been planned for Programme 2 in 2016/17.
- **19** targets (**90%**) were achieved.
- **2** targets (**10%**) were not achieved.

PART B:
PERFORMANCE
INFORMATION

Performance Indicator		Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
2.1	Number of draft agreements issued to different bodies.	0 agreements signed.	2 draft agreements issued to different bodies.	3 draft agreements issued to different bodies (and signed).	The target was exceeded with 1 draft agreement	The target was exceeded due to an additional opportunity for a draft agreement being successfully pursued.
	Number of exchange programmes participated in per year.	1 exchange programme participated in.	1 exchange programme participated in annually.	Participated in 2 exchange programmes.	The target was exceeded by one exchange programme.	There was an opportunity for a further exchange programme which was used with no additional costs to the NHC.
2.2	Number of world heritage projects that the NHC participates in annually	1 world heritage project that the NHC participated in.	2 world heritage projects that the NHC participates in annually.	Participated in 2 world heritage projects.	The target was achieved as planned with no deviation.	N/A
2.3	Number of academic publications produced per year.	2 publications produced.	1 academic publication produced annually.	The target was achieved as planned.	The target was achieved as planned with no deviation..	N/A
	Number of Position Papers produced per year.	2 Position Papers produced.	2 Position Papers produced annually.	2 position papers produced.	The target was achieved as planned with no deviation.	N/A

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PERFORMANCE
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Performance Indicator		Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
2.4	Percentage of written queries submitted to the NHC responded to within 7 days.	7 days Turnaround time in responding to queries submitted to the NHC.	100% of written queries submitted to the NHC responded to within 7 working days.	100% of written queries submitted to the NHC responded to within 7 working days.	The target was achieved as planned with no deviation.	N/A.
2.5	Date by which Draft Impact Study Report is Concluded.	New target.	Draft Impact Study Report concluded by 31 March 2017.	The target was not achieved. Terms of Reference for the Impact Study were developed and the bid to appoint a service provider was advertised by year end.	Draft Impact Study Report not concluded by 31 March 2017.	The process to appoint a service provider was not concluded on time. The target was rolled over into 2017/18.
2.6	Number of articles contributed to accredited journals.	New target.	2 articles contributed to accredited Journals.	The target was not achieved as only 1 Journal article was submitted to an accredited Journal.	Only was article was submitted to an accredited journal.	Only one article was submitted due to capacity constraints.
2.7	Date by which a heritage institute framework is approved	New target.	Heritage Institute framework approved by 31 March 2017.	Heritage Institute Framework approved by 31 March 2017.	The target was achieved as planned with no deviation.	N/A

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Performance Indicator		Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
2.8	Number of Cultural Expressions Supported.	4 Cultural Expressions hosted and supported.	3 Cultural Expressions supported.	7 cultural expressions supported.	The target was exceeded with 4 cultural expressions supported.	There were more opportunities to support additional cultural expressions within the budget.
	Number of heritage education initiatives supported.	2 heritage education & skills Development initiatives supported.	2 heritage education initiatives supported.	6 heritage education initiatives supported.	The target was exceeded with 4 heritage education initiatives supported.	There were more opportunities to support additional heritage education initiatives within the budget.

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PERFORMANCE
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Performance Indicator		Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
2.9	Number of Commemorative events supported.	5 Commemorative events supported.	2 Commemorative events supported.	5 Commemorative events supported.	The target was exceeded by 3 commemorative events through the support of other commemorative events undertaken by stakeholders.	There were more opportunities to support additional commemorative events within the budget.
	Number of repatriations supported.	3 repatriations supported.	3 repatriations supported.	7 repatriations were supported (while only one repatriation ultimately actually took place, the NHC participated in meetings to discuss and prepare for a number of other repatriations, some of which have not yet been concluded.)	The target was exceeded by 4 repatriations through the support of other repatriations discussed in the same meetings.	There were more opportunities to support additional repatriations within the budget.
	Number of funded heritage projects.	19 heritage projects funded.	21 community heritage projects funded.	21 Community Heritage Projects were funded.	The target was achieved as planned, with no deviation.	N/A
2.10	Level of additional funds raised outside the DAC grant.	0% additional funds raised outside the DAC grant.	2% additional funds raised outside the DAC grant.	2.60% additional funds raised outside the DAC grant.	The target was achieved and exceeded by 0.60%.	Fundraising efforts yielded much better results than planned and anticipated.

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Performance Indicator		Actual Achievement in 2015/16	Planned Target for 2016/17	Actual Achievement in 2016/2017	Deviation from planned target to Actual Achievement in 2016/2017	Comment on deviations
2.11	Number of milestones in the management of LHR World Heritage Programme.	Dossier was produced and submitted to the Department of Environmental Affairs.	1 milestone achieved (expanded nomination dossier produced and submitted to DAC and DEA).	1 milestone achieved (The Expanded Dossier was produced and submitted to the Department of Environmental Affairs.)	The target was achieved as planned, with no deviation.	N/A
	Number of submissions on the African Liberation Heritage Programme.	1 submission on the African Liberation Heritage Programme.	2 submissions on the African Liberation Heritage Programme.	2 submissions made on the African Liberation Heritage Programme.	The target was achieved as planned with no deviation.	N/A
	Percentage of identified sites on the revised tentative list researched annually.	New target.	30% of identified sites on the revised tentative list researched annually.	50% of identified sites on the revised tentative list researched.	The planned target was exceeded by 67%.	Additional sites were researched within the budget.
	Number of Presentations made on the liberation heritage.	4 presentations made on the liberation heritage.	5 presentations made on the liberation heritage.	7 presentations made on the liberation heritage.	The target was achieved and exceeded by 2 presentations.	There were more opportunities to present on the liberation heritage within the budget.
	Number of Knowledge Partnerships participated in.	0 knowledge partnerships signed.	2 Knowledge Partnerships participated in.	2 knowledge partnerships participated in.	The target was achieved as planned with no deviation.	N/A
	Number of Intergovernmental Arrangements participated in.	0 Inter-governmental arrangements formalised.	5 Intergovernmental Arrangements participated in.	9 Intergovernmental Arrangements participated in.	The target was achieved and exceeded by 4 intergovernmental arrangement participated in.	The target was exceeded as a result of scaling up stakeholder engagements and programmes to drive the liberation heritage route project.

Strategy to overcome areas of under performance

The targets that were not achieved in 2016/17 have been rolled over for completion in 2017/18

Changes to planned targets

There were no changes to planned targets.



PART C:
GOVERNANCE

1. INTRODUCTION

Corporate governance underpins the processes and systems by which the NHC is overseen, directed, controlled and held to account. In addition to legislative requirements based on the NHC's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA), which is run in tandem with the Protocol on Corporate Governance (which encapsulates the principles contained in the King IV Report on Corporate Governance). Parliament, the Executive Authority and the Council of the NHC are responsible for corporate governance.

The NHC is committed to the principles of accountability, openness and integrity as prescribed by the King IV Code on Corporate Governance and our policies and charters formalise this commitment. This gives the shareholder and other stakeholders, the assurance that the NHC is ethically managed according to prudently determined risk parameters in compliance with best practices.

2. EXECUTIVE AUTHORITY

The Minister of Arts and Culture and the NHC signed a Shareholder's Compact in March 2016. This a requirement imposed by Treasury Regulations on Public Entities listed in Schedule 2, 3B or 3D. Notwithstanding that the NHC is a Schedule 3A entity, and therefore not bound by this requirement, for purposes of cooperative governance, it was deemed necessary to do so. The Shareholder's Compact captures the key performance measures and indicators agreed upon between the Council, as the Accounting Authority of the NHC, and the Minister of Arts and Culture, as the Executive Authority.

As a consequence of the above agreement and in line with the PFMA, the NHC submits quarterly reports to the Department. During the year under review, the following reports were submitted:

- **1st Quarterly Report submitted on** 29 July 2016;
- **2nd Quarterly Report submitted on** 31 October 2016;
- **3rd Quarterly Report submitted on** 31 January 2017;
- **4th Quarterly Report submitted on** 28 April 2017.

3. THE COUNCIL

The NHC is a juristic entity established in terms of the National Heritage Council Act of 1999 (Act 11 of 1999). The Minister of Arts and Culture appoints members of the public of the Republic of South Africa as members of the NHC to manage the affairs of the NHC in terms of the Act and its regulations in line with corporate governance principles. Nine members are appointed by Provincial Arts and Culture MECs and the rest are members by virtue of their being the Chairpersons of certain declared cultural institutions. The Council plays an advisory role to the Minister on certain issues, including: national policies on heritage matters, allocation of core funding and resources and any other matter concerning heritage that the Minister or the Council may determine.

The Council operates in terms of an approved Charter that clearly spells out its role and responsibilities. The Council plays an oversight role and provides leadership on the affairs of the NHC. Its role includes the establishment, review and monitoring of strategic objectives.

It also gives strategic direction and ensures compliance with corporate governance and legislative imperatives. The Council oversees the NHC's systems of governance, internal control, and risk management.

The Council meets at least once a quarter and special meetings are held when there is a need. The purpose of the meetings is to review the strategic and operational performance of the NHC. Amongst other matters, it looks into business plans, policies, the approval of major contracts and other strategic issues. The management team of the NHC is responsible for implementation of the decisions and strategies of the Council.

The Council initiated repositioning of the NHC to adapt to emerging conditions and a Funding Models Workshop was convened to revise the NHC resource mobilisation strategy. An Implementation Plan was developed which is currently being rolled out.

STRUCTURE AND COMPOSITION OF THE COUNCIL

As mentioned, the Council is constituted by members appointed by the Minister of Arts and Culture; by Provincial Arts and Culture MECs; the Chairpersons of certain declared cultural institutions (Iziko Museums of Cape Town, Ditsong Museums and SAHRA). They are people from diverse backgrounds and have extensive skills in the heritage sector. In making appointments, the Minister takes into consideration issues of gender, diversity and demographics. There are thirteen (13) Council Members and the NHC CEO is an *ex officio* member.

Composition of the Council

During the year ended 31 March 2017 five (5) Ordinary Meetings, one (1) Funding Models Workshop, two (2) Strategy Review Workshops and one (1) APP Workshop. Below is a profile of Council members and attendance at Council meetings:

Members Appointed from 2014 to 2017

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Dr Marcus Malusi Balintulo.	Chairperson, Appointed by Minister.	01/12/2014 to 30/11/2017.	Active.	PHD – Sociology.	Higher education transformation; Research consultant.	Various previous directorships, currently Adviser to Liyabona Primary Co-operative.	None.	9
Ms Alice Nomvuyiso Damane.	Deputy Chairperson, appointed by Minister.	01/12/2014 to 30/11/2017.	Active.	BComm Business Administration, Economics and Accounting.	Business and financial management Enterprise development policy and programmes.	Managing Director of Yame Unique Crafts, Founding Member of Imagine Programme with Empowerment Institute, Director of Resilience Network Institute.	1. Audit and Risk Committee 2. Corporate Services and Finance Committee.	9

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Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Dr Mirriam Gaokgathe Tawane.	Member appointed by Minister.	01/12/2014 to 30/11/2017.	Active.	PHD- Palaeoanthropology.	Heritage Management, Environmental Assessment, Archaeology, Anthropology (Palaeosciences).	None.	1. Corporate Services and Finance Committee 2. Heritage Programmes, Projects and Research Committee.	8
Mr Vonani Bila	Member appointed by Minister.	01/12/2014 to 30/11/2017.	Active.	MA.	Project Management, SA literature, Cultural History Social Policy.	AIDC NGO – Board Member; Ribola Heritage Co-op – Member.	1. Heritage Programmes Projects and Research Committee 2. Corporate Services and Finance Committee.	5
Ambassador Dikgang Milo Moopeloa.	Chairperson of IZIKO Museums.	22/10/2013 to 30/11/2017.	Active.	Advanced Certificate Personnel Management.	Foreign and International Relations.	Group Executive Director: Zonkizizwe Investment Group of Companies.	Repositioning and International Relations Committee.	1
Mr Fanie Makhanya ¹ .	Chairperson of SAHRA.	22/10/2013 to 31/07/2016.	Term ended	ND: Architectural Technology.	Heritage and Architecture.	Board Member: VVHOA; Chairperson: Provincial Heritage Research Authority.	1. Repositioning and International Relations Committee.	1

Term as Chairperson of SAHRA ended and was replaced by Prof Susan Bouillon

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Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Adv Sanet Botha.	Western Cape Provincial Representative.	23/03/2015 to 20/11/2017.	Active.	BA (Law); LLB	Strategic business advisory service. Transaction advisory services, specifically in the legal, compliance, and contractual fields. Project management, specifically projects in the public services space. Drafting of policies, legislative provisions, regulatory frameworks, standard operational processes, transaction frameworks and contracts. Provisioning of strategic organizational and public and private corporate compliance guidance. Transaction structure advisory services such as DBOM, DB and FIDIC. Advise on aspects of public transport such as BRT, metered taxi, non-metered taxi and busses. Advisory services on e-health and telecommunications transactions. Expertise in public sector legislation, including the PFMA, MFMA, National Treasury Regulations and the Preferential Procurement Policy Framework Act, PAJA, NLTA, electronic payment legislation, electronic law aspects and other public law aspects.	NHC	NHC Heritage Programmes Projects and Research Committee	3

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Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Mr Patrick Lentikile Pelele.	North West Provincial Representative.	07/04/2015 to 30/11/2017.	Active.	ND: Examiner for Driver's Licence; Advanced Governance and Public Leadership.	Provincial Affairs and Public Safety.	Director: Bheks Projects and Investments.	1. Corporate Services and Finance Committee 2. Repositioning and International Relations Committee.	6
Chief Livhuwani Matsila.	Limpopo Provincial Representative.	29/05/2015 to 31/11/2017.	Active.	Masters of Science (Zoology).	Community and Rural Development; Preservation of cultural heritage.	Director: Matsila Family Trust.	1. Heritage Programmes Projects and Research Committee 2. Repositioning and International Relations Committee.	5
Mr Mlawu Tyatyeka.	Eastern Cape Provincial Representative.	06/08/2014 to 30/11/2017.	Active.	MA.	Literature Culture and Religion.	None.	1. Heritage Programmes Projects and Research Committee.	8

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Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Ms Palesa Kadi.	Gauteng Provincial Representative.	26/05/2015 to 30/11/2017.	Active.	Masters in Museums and Heritage Studies.	Policy Development, Strategic Planning, Stakeholder Management, Monitoring and Evaluation, Corporate Governance	Media Development and Diversity Agency	1. Audit and Risk Committee 2. Corporate Services and Finance Committee 3. Repositioning and International Relations Committee.	6
Mr Moses Themba Makhweyane.	Mpumalanga Provincial Representative.	08/07/2015 to 30/11/2017.	Active	Baccalaureus Iuris (Bluris)	Legal & Corporate Governance	Mpumalanga Community Education and Training College (MCETC) South African Heritage Resource Authority (SAHRA) Mpumalanga Heritage Resource Agency (MHRA)	NHC Corporate Services and Finance Committee	7

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GOVERNANCE

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Mr Jabulani Sithole	KZN Provincial Representative.	20/01/2016 to 30/11/2017.	Resigned on 14 February 2017	MA – History.	Heritage, History of Liberation Struggle and Culture.	Amafa AkwaZulu and Luthuli Museums, National Planning Commission and the Advisory Panel on the Heroes Acre	1. Heritage Programmes Projects and Research Committee 2. Repositioning and International Relations Committee	8
Prof Geoffrey Mahlomaholo	Free State Province Provincial Representative.	29/10/2014 to 30/11/2017	Resigned on 30 July 2015.	BA - History and Education PHD- Education.	Research, Editor and Advisor to Higher Education.	Sustainable Learning Environments Research, Nnathle Financial Services Cooperative.	N/A.	0
Mr Stanley Johannes McKenzie	Northern Cape Province Provincial Representative.	21/10/2014 to 30/11/2017.	Non-active.	Advanced Diploma in Adult Education, Higher Diploma in Education.	Training, Arts and Culture.	Chairperson of Provincial Heritage Resources Authority.	N/A.	0
Prof Susan Bouillon	Chairperson of SAHRA.	01/08/2016 to 31/07/2019	Active	B. Juris, LL.B, LL.M, LL.D (planning Law)	Planning Law	SAHRA	Board of Trustees of Keyhealth Medical Scheme	2

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Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorships	Other Committees	No. of Meetings attended out of 9
Ms Karabo Rapoo	Chairperson of Ditsong Museums	01/08/2016 to 31/07/2019	Active	Executive Development Programme (EDP), Advanced Project Management, Completed articles of Traineeship	1. Financial, Accounting, Auditing, Taxation, Corporate Governance, Risk Management	1.Ditsong Museums 2.Member of Medipos Medical Aid Scheme	Audit Committee member of: 1.Medipos Medical Aid Scheme (closed Scheme) 2.BestMed Medical Aid Scheme (open Scheme) 3. Chairperson of Risk Management Committee: Department of Arts and Culture	1

Council Committees

In terms of its operation the Council is assisted by four committees. The committees are as follows:

a) Heritage Programmes Projects and Research Committee - oversees the management of heritage in relation to the advancement of matters such as the coordination, promotion, funding, conservation, transformation and development of heritage in the Republic of South Africa.

b) Repositioning and International Relations Committee - oversees the NHC's engagement with international bodies, organisations, experts, programmes and projects on heritage management and ensures the sustainability of the NHC and provides advice and guidance on marketing and communications.

c) Audit and Risk Committee - assists the Council in fulfilling its responsibilities and provides an oversight on behalf of the Council on related audit, finance, performance and risk matters. Its charter is aligned to the duties prescribed by the PFMA and Treasury Regulations;

(d) Corporate Services and Finance Committee - responsible for the determination and recommendation for approval by Council of a sound human resources and remuneration philosophy, strategy and policies; reviews and monitors the integrity of NHC's monthly, quarterly and annual financial statements and any other formal announcements relating to the NHC's financial performance.

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(e) Risk Management Committee – Responsible for assisting the Audit and Risk Committee and the CEO in discharging their accountability for risk management by reviewing the effectiveness of the NHC’s risk management systems, practices and procedures, and providing recommendations for improvement. The Committee also compliments the work done by the Internal Audit function of the NHC.

(f) Funding and Fundraising Committee – Responsible for adjudication of proposals received from the annual public call for applications for funding of community heritage projects. The Committee also compliments resource mobilisation efforts of management and the Council.

(g) Heritage Panel – Responsible for provision of expert advice and technical expertise on existing heritage programmes and projects, towards contributing to their development and implementation. It also provides guidance and assistance in conducting research and development of publications, including draft policy frameworks. Furthermore, the Panel reviews and conducts quality assurance of work produced, including research work and publications, regarding the development and implementation of heritage programmes and projects.

All the committees operate according to Terms of Reference approved by the Council, which set out their respective mandates.

Committee	No. of ordinary meetings held	No. of special meetings held	No. of workshops held	No. of working sessions held	No. of members	Names of members
Audit and Risk Committee.	6	0	0	0	5	Committee Members from 01/10/2014 – 30/08/2016 Mr Z Fihlani - Chairperson Mr Z Nomafu Ms N Siwahla – Madiba Committee Members from 01/10/2016 – 30/09/2019 Ms N Siwahla-Madiba – Chairperson Mr Z Nomafu Mr Y Haffejee Council Members Ms W Damane Ms P Kadi

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Committee	No. of ordinary meetings held	No. of special meetings held	No. of workshops held	No. of working sessions held	No. of members	Names of members
Heritage Programmes Projects and Research Committee.	3	None	None	None	5	Mr V Bila (Chairperson) Adv S Botha Chief L Matsila Prof M Tyatyeka Dr M Tawane Mr Jabulani Sithole (resigned 01/2017)
Committee	No. of ordinary meetings held	No. of special meetings held	No. of workshops held	No. of working sessions held	No. of members	Names of members
Repositioning and International Relations Committee.	2	None	None	None	5	Chief L Matsila (Chairperson) Ms P Kadi Mr L Pelele Prof S Bouillon Col S Majombozi (Chairperson of Funding Committee) Mr Jabulani Sithole (resigned 01/2017)
Committee	No. of ordinary meetings held	No. of special meetings held	No. of workshops held	No. of working sessions held	No. of members	Names of members
Corporate Services and Finance Committee.	4	3	1	2	7	Ms P Kadi (Chairperson) Mr L Pelele Mr V Bila Dr M Tawane Ms W Damane Mr M Makhweyane Col S Majombozi (Chairperson of Funding Committee)

Remuneration of Council Members

Name & Designation	Honoraria R'000	Travel R'000	Total R'000
Dr Malusi Marcus Balintulo.	187	60	247
Ms Wawa Damane.	143	4	147
Mr Freddy Vonani Bila.	67	12	79
Dr. Mirriam Gaokgathe Tawane.	95	-	95
Mr Fanie Makhanya.	2	1	3
Adv. Sanet Botha.	25	1	26
Mr Lentikile Bheki Pelele.	76	66	142
Chief Livhuwani Matsila.	51	50	101
Dr Mlawu Tyatyeka.	56	10	66
Ms Palesa Kadi.	106	6	112
Mr Moses Themba Makhweyane.	79	10	89
Mr Jabulani Sithole.	62	4	66
Prof. S Bouillon	14	1	15

Audit and Risk Committee (ARC)

Mr Zola Fihlani (ARC).	71	3	74
Ms N Madiba (ARC).	221	51	272
Mr Zukile Nomafu (ARC).	64	4	68
Mr Yaasir Haffejee (ARC)	25	1	26
Total	1,344	284	1,628

4. RISK MANAGEMENT

The Council has put in place the Enterprise Risk Management Strategy that looks at minimization, prevention, increased awareness, transparent evaluation and a sound mitigation of risks facing the NHC.

The NHC manages risk in accordance with a Risk Register, approved by Council, which is updated annually. The Risk Register is based on an annual risk assessment facilitated by the NHC's internal auditors. The risk register, including mitigation strategies and progress with regard to implementation, is updated quarterly and presented to Council.

A Risk Management Committee is fully functional with an Independent Chairperson who is a member of the Audit and Risk Committee.

5. INTERNAL CONTROL

Internal controls remained strong during the year under review and were continuously strengthened through the work of the Internal Auditors and the Audit and Risk Committee. To this end a range of financial controls and human resources policies were reviewed and approved. In addition, administrative compliance was strengthened considerably, with improved Supply Chain Management processes and capacity with the appointment of the Supply Chain Management Officer. Quarterly Reports on the Audit Outcomes Implementation Plan were prepared in consultation with the internal auditors and AGSA and presented to the Audit and Risk Committee (ARC) and Council.

6. INTERNAL AUDIT AND THE AUDIT AND RISK COMMITTEE

The Council has ensured that the NHC has an effective risk based and independent internal audit function, which is governed by an internal audit charter that adheres to the Standards and Code of Ethics, set out by the Institute of Internal Auditors. Amongst others the Internal Auditors evaluate the NHC's governance processes and objectively assess and report on the effectiveness of risk management.

Profile of Audit and Risk Committee

Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Resignation Date	Qualifications	Area of Expertise	Board Directorship	Other Committee's (e.g. Audit Committee)	No. of Meetings attended out of 6 sittings
Mr Z Fihlani.	Chairperson and external/independent member.	25/05/2010 – 30/09/2013 Re-appointed 01/10/2013 – 30/09/2016.	Non-Active, Term expired 30/09/2016.	CA (SA).	Accounting, tax and audit	None	Chairperson of Audit Committee of the EC Department of Economic Development and Environmental Affairs; Chairperson of Audit Committee of OR Tambo District Municipality; Chairperson of Audit Committee of National Home Builders Registration Council; Risk Committee Chairperson for Metsimaholo Local Municipality.	5
Mr Z Nomafu.	External/Independent member.	01/10/2013 – 30/09/2016. Re-appointed 01/10/2016 – 30/09/2019	Active	B Compt, B Compt (Hons), Chartered Accountant, M Com	Accounting and Finance	1.South African Financial Exchange (Pty) Ltd 2. New Nishati Investments (Pty) Ltd 3. The Heric Ferrochrome Tirisano Employee Share Trust	1.NHC Audit and Risk Committee Member 2. Risk Management Committee Chairperson	6

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Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Resignation Date	Qualifications	Area of Expertise	Board Directorship	Other Committee's (e.g. Audit Committee)	No. of Meetings attended out of 6 sittings
Ms N Siwahla- Madiba.	External/ Independent member	01/10/2013 – 30/09/2016 Re- appointed as Chairperson of the ARC 01/10/2016 – 30/09/2019	Active Member	Hons B Compt, CTA, MSc Financial Management.	Financial and Risk Management, Governance.	None	Chairperson of Audit and Risk for HPCSA; Deputy Chairperson of Audit Committee of Eastern Cape Provincial Treasury; Chairperson of Risk Committee of Eastern Cape Provincial Treasury; Non- Executive Director of South Rand Hospital.	6
Mr Yaasir Haffejee	External/ Independent member	01/11/2016 – 30/09/2019	Active	BCom Hons (Accounting) MCom Taxation CA(SA)	Accounting, External and Internal Auditing, Performance Information and Reporting	None	NHC Audit and Risk Management Committee Member	1

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7. COMPLIANCE WITH LAWS AND REGULATIONS

The National Heritage Council complies with pieces of legislation and regulatory imperatives applicable to it including but not limited to The National Heritage Act of 1999, PFMA, Treasury Regulations, Practice Notes, King IV Report, Labour laws, Health and Safety Laws, Procurement Prescripts, BBEE etc.

8. FRAUD AND CORRUPTION

To mitigate the risk of fraud and corruption the following instruments are in place:

- i. Fraud Prevention Plan that is aimed at mitigating the risk of fraud and corruption in the Council;
- ii. Anti-Fraud and Corruption Policy;
- iii. Code of Ethics and Business Conduct; and
- iv. Risk and Fraud Implementation Plans are in place

The report on fraud and corruption is a standing item on the agenda of the quarterly Audit and Risk Committee meetings. Furthermore, the NHC participates in the DAC Hotline. During the period under review no cases were reported.

9. MINIMISING CONFLICT OF INTEREST

All NHC employees and Council members sign Declaration of Interest Forms in accordance with the National Heritage Council Act of 1999.

- *Bid Evaluation Committee*: at every meeting before Bids are evaluated, members are given forms to sign

declaring that they have no interest in the outcome of the bid;

- *Bid Adjudication Committee*: Once the Bid Evaluation Committee has finalised, the process goes to the *Bid Adjudication Committee* and members are also required to sign declaratory forms indicating that they have no interest in the outcome of the tender; and
- On an annual basis, declaration forms are sent to all NHC staff to declare their interests. A gift register for staff members is in place.

10. CODE OF CONDUCT

The Council has an approved Code of Conduct and Ethics Policy in place. The Policy is aimed at providing an understanding of the NHC's values and the principles accompanying them as set out by the Council. The Policy provides rules and guidelines that govern and support the NHC's ethical conduct and expected behavioural patterns which are embedded in the Council's core values. The Code applies to all persons or entities that have a contractual relationship with the NHC including Council members, employees, contractors, sub-contractors, service providers, consultants and temporary staff.

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The NHC has an established facility management function in terms of which health, safety and environmental issues are addressed.

12. COMPANY SECRETARY

The Company Secretariat function is in-house under the Office of the Chief Executive Officer and is responsible for processes that are necessary to ensure that the NHC complies with all applicable codes as well as legal and statutory requirements and policy imperatives. The Company Secretary keeps Council members informed of their legal responsibilities, ensures the smooth running of Council activities, advises on Council procedures and adherence requirements, ensures that Council and Committee resolutions are communicated to the relevant stakeholders and implemented timeously. In addition, the Company Secretary manages the Legal Services Unit of the NHC. This entails drafting and vetting of contracts, drafting legal opinions, litigation management etc.

The Company Secretary endeavours to uphold the highest level of integrity as enshrined in the King IV Report on Corporate Governance.

13. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2017.

The ARC consists of five members (three independent non-Council members and two Council members).

In terms of PFMA, section 77 (9), an audit committee must meet at least twice a year. In addition, Treasury Regulations 3.1.1.16 provides that an audit committee must meet at least annually with the Auditor-General.

PART C: GOVERNANCE

The ARC met six (6) times during the year, in compliance with the PFMA, and also met with the Auditor General.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51 (1) (a) (ii) of the PFMA and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Charter and has regulated its affairs in compliance with this charter and has discharged all its responsibilities contained therein.

Risk Management

The committee is satisfied that the entity has an on-ongoing risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations. This has been in place for the year under review and up to the date of approval of the annual financial statements.

Effectiveness of Internal Control

The committee has evaluated the internal control environment and based on the information provided and assessed, and has determined that the internal controls are adequate and effective to mitigate related risks. The committee is satisfied that there is reasonably effective monitoring over the system of internal controls in place to mitigate risks as reported by Internal Audit to an acceptable level. In line with the PFMA, the internal audit coverage plan was informed by the risk management process. The coverage plan included the following reviews:

- Human Resources Review;
- Supply Chain Management Review;
- Performance Information Review;
- Governance Review,
- Finance Review; and
- Information Technology General Controls Review.

The committee met as often as necessary to discuss issues of concern arising from internal audit reviews.

In-Year Management and Monthly/ Quarterly Report

The NHC has submitted Quarterly Reports to the Executive Authority as required by the PFMA. The committee had engaged management to provide clarity on completeness and quality of the Quarterly Reports during quarterly meetings.

Evaluation of Financial Statements

The committee has reviewed the annual financial statements and discussed matters of concern with management.

The committee has reviewed the accounting policies applied in the compilation of the annual financial statements and is satisfied that the policies: are consistent with those of prior years; have been constantly applied; and are in accordance with the National Treasury guidelines.

The committee reviewed the entity's compliance with legal and regulatory provisions during the quarterly committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

Internal Audit

The committee is satisfied with the effectiveness of the internal audit function during the year and that the internal audit activity has, to a large extent, addressed the risks pertinent to the entity.

Auditor's Report

The committee reviewed the NHC's implementation plan for audit issues raised in the prior year and is satisfied that the matters have been adequately resolved.

The committee concurs and accepts the conclusions of the external auditor regarding 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.



Ms Nandi Madiba "CD (SA)"

Chairperson of the Audit and Risk Committee

National Heritage Council
31 July 2017



PART D:

HUMAN RESOURCES MANAGEMENT

PART D: HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

Human capital is a key component of the operations of the NHC and in ensuring that the mandate and strategic objectives are fully met. To this end, one of the strategic imperatives of the Human Resources Management Unit, which is part of Corporate Services, is to ensure that the NHC complies fully and implements programmes that are in line with sound legislative and employment practices.

To ensure absolute care for human capital, the following services are rendered by the Human Resources unit:

- Human resource administration
- Recruitment programming up to exit management
- Employee relations
- Talent management and retention
- Benefits provision
- Organisational Re-engineering and Development
- Facilities Management

To ensure provision of its services, the NHC's priority is to recruit the best talent and retain staff, to ensure the stability and sustainability in the running of its operations.

HR PRIORITIES AND IMPACT

The objective of the Human Resources Management Unit is to contribute to building a sustainable organisation and this is done around the following programmes:

- a. Employee retention.
- b. Improvement of competencies.
- c. Employee wellness.
- d. Sound labour relations.

WORKFORCE PLANNING (ATTRACTION AND RETENTION)

The recruitment of staff is based on the approved structure and particularly operational needs.

As the NHC is required to balance its yearly allocation between remuneration and driving operations based on its strategy, the principle is to hire employees in phases.

As part of its drive to attract and retain employees, the NHC offers market related and competitive compensation.

EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The NHC operates in a demanding heritage environment. Each year there are agreed programmes that have to be implemented. As such, in order to monitor progress in line with the strategy, all employees sign performance agreements to ensure that delivery is structured for ease of monitoring. On a monthly basis, units hold meetings to look at operations. The Management of the NHC also meets monthly to track progress made with programmes.

EMPLOYEE WELLNESS

The NHC has been creative in its approach to wellness and was able to engage a service provider in the 2015/2016 year at no charge to employees. As this is a viable option, the NHC will continue with the drive and also engage or partner with other organisations for a cost-effective approach to wellness.

POLICY DEVELOPMENT

The NHC keeps abreast with developments

in the labour market and environment and reviews its internal Human Resources policies annually. Employees also participate in the process via an Employees Forum.

- **Achievements:** the NHC has been able to maintain a low attrition rate. The impact is that Management of the NHC has been intact for several years without change. This has enabled the NHC to continue with its operations without disruption.
- **Challenges:** With the ever-increasing changes to the heritage landscape, there is a challenge regarding mobilisation of funds to augment the annual budget received from the DAC for human resource management.
- **Future plans:** The NHC will continue to strive to ensure that employees are retained and equipped with the relevant skills and training opportunities that are relevant to the heritage sector.

PART D:
HUMAN RESOURCES
MANAGEMENT

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average cost per employee (R'000)
CEO's Office.	63,650	4,698	7%	3	1,566
Heritage.	63,650	3,982	6%	3	1,327
Corporate Services.	63,650	8,949	14%	10	895
Marketing.	63,650	1,208	2%	1	1,208
Funding.	63,650	2,066	3%	3	689
LHR.	63,650	1,963	3%	2	982
Company Secretariat.	63,650	2,954	5%	2	1,477
Total	63,650	25,820	40%	24	1,076

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average cost per employee (R'000)
Top Management.	2,333	9%	1	2,333
Senior Management.	15,625	60%	11	1,421
Professional qualified.	2,445	10%	2	1,223
Skilled.	4,833	19%	7	690
Semi-skilled.	255	1%	1	255
Unskilled.	329	1%	2	164
Total	25,820	100%	24	1,076

PART D:
HUMAN RESOURCES
MANAGEMENT

Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management.	450	25,363	2%
Senior Management.	1,557	25,363	6%
Professional qualified.	159	25,363	1%
Skilled.	410	25,363	2%
Semi-skilled.	46	25,363	-
Unskilled.	44	25,363	-
Total	2,667	25,363	11%

Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
CEO's Office.	4,593	150	3%	2	75
Heritage.	3,971	95	2%	4	91
Corporate Services.	8,698	121	1%	6	20
Marketing.	1,182	-	-	-	-
Funding.	2,061	26	1%	2	-
LHR.	1,952	30	2%	1	30
Company Secretariat.	2,906	-	-	-	-
Total	25,363	422	2%	15	28

PART D:
HUMAN RESOURCES
MANAGEMENT

Employment and vacancies

Programme	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2015/2016 Vacancies	% of vacancies
Top Management.	1	1	1	-	-
Senior Management.	12	16	11	5	31%
Professional Qualified.	2	15	2	13	87%
Skilled.	7	11	7	4	36%
Semi-Skilled.	1	6	1	5	83%
Unskilled.	2	2	2	-	-
Total	25	51	24	27	53%

The number of employees includes appointments and terminations. The review of the functional structure will be finalised in 2017/2018.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management.	1	-	-	1
Senior Management.	12	1	(2)	11
Professional qualified.	2	-	(1)	1
Skilled.	7	-	-	7
Semi-skilled.	1	-	-	1
Unskilled.	2	1	-	3
Total	25	2	(3)	24

PART D:
HUMAN RESOURCES
MANAGEMENT

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death.	-	-
Resignation.	3	100%
Dismissal.	-	-
Retirement.	-	-
Ill health.	-	-
Expiry of contract.	-	-
Other.	-	-
Total	3	100%

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning.	-
Written Warning.	-
Final Written warning.	-
Dismissal.	-

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management.	1	1	-	-	-	-	-	-
Senior Management.	6	8	-	1	-	1	-	1
Professional qualified.	2	4	-	1	-	1	-	1
Skilled.	3	5	-	-	-	1	-	1
Semi-skilled.	-	2	-	-	-	-	-	-
Unskilled.	1	1	-	-	-	-	-	-
Total	13	21	-	2	-	3	-	3

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HUMAN RESOURCES
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Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management.	-	-	-	-	-	-	-	-
Senior Management.	5	4	-	1	-	1	-	1
Professional qualified.	-	2	-	1	-	1	-	1
Skilled.	3	4	-	1	-	1	1	1
Semi-skilled.	1	2	-	-	-	-	-	-
Unskilled.	1	1	-	-	-	-	-	-
Total	10	13	-	3	-	3	1	3

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management.	-	-	-	-
Senior Management.	-	2	-	2
Professional qualified.	-	2	-	2
Skilled.	-	3	-	3
Semi-skilled.	-	-	-	-
Unskilled.	-	-	-	-
Total	-	7	-	7



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27. REPORT OF THE CHIEF EXECUTIVE OFFICER

I wish to express my warm appreciation to the Council and its Committees. Special thanks to our Honourable Minister of Arts and Culture, Deputy Minister and our Chairperson of the Portfolio Committee on Arts and Culture for their continued support and oversight role. I would also like to extend my appreciation to my management team and staff for their continued resilience throughout the financial year under review, despite the many challenges we faced.

General financial review of the NHC.

The NHC is fully funded by the Department of Arts and Culture. It is important to ensure that entity operates economically, efficiently, and effectively. The Council has established and maintains sound governance structures and internal controls appropriate for the environment. The Audit and Risk Committee and Internal Audit functions contribute to a sound control environment. The independent assurance received from the external auditors contributes to the credibility of the financial systems.

The Council evaluated the appropriateness of the going concern assumptions used in the preparation of the annual financial statements.

The NHC Medium Term Strategic Framework and Annual Performance Plan for the year under review is premised on ensuring that the NHC remains a going concern while still fulfilling its mandate. The NHC had no significant changes from the grant allocations

since its establishment while the work and demand for support of heritage projects and programmes in the Sector has grown enormously. Despite facing considerable challenges, the NHC was able to ensure that this premise was met and exceeded.

There have been significant improvements in lowering the NHC's accumulated deficit over the years. The NHC posted an accumulated surplus of R 64 000 (accumulated deficit in 2015/16 R215,000 and in 2014/15 R1,922,000), a significant improvement from the prior years.

Annual Performance

Significant progress has been made in terms of achieving planned targets laid out in the Annual Performance Plan. A detailed outline of the performance against planned targets is listed in the Performance Report (Part A).

New or proposed activities

The Council has initiated a process that would ensure that the NHC becomes sustainable in the long run so as to effectively and efficiently implement its mandate as outlined in its founding legislation. In this process amongst others the Council is looking at repositioning the institution so that it is better positioned to implement its mandate and also respond to government priorities, funding models and restructuring.

Organisational Structure was reviewed to enable the business focus to be on improving the effectiveness and efficiency of core business operations. This revision aims to strengthen the NHC and its core business to enable it to effectively execute against its legislative mandate.

Supply Chain Management

Supply Chain Management processes and systems were in place throughout the year under review. The final audit revealed no findings on Supply Chain Management processes.

Events after the reporting date

R21,150,000.00 was set aside in 2016/2017 financial year and transferred after 31 March 2017 by the Department and Arts and Culture for the Test Phase: PMO which originates from the Resistance and Liberation Heritage Route (RLHR) Business Plan which identifies this capacity for the systematic roll-out of the provincial priority sites and professional support to the World Heritage Listing programme.

The defined scope of the PMO is to implement the identified infrastructure projects proposed by the various departments in the 8 provinces (excluding the Free State Province). Each province has a maximum of 3 projects to implement. The duration of the projects is for 24 months, commencing from 1 April 2017.

Fraud

During the period under review, there were no cases of fraud reported.

Audit matters

The NHC has been a recipient of unqualified audit outcomes from the Auditor General for the past 12 years, including the year under review.

National Treasury Instruction No. 02 Of 2016/2017 paragraph 8 requires entities to report the in respect of each conference or event hosted, effective from 1 November 2016. No conferences or events were hosted between the 1 November 2016 and 31 March 2017.

28. REPORT OF THE EXTERNAL AUDITORS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Heritage Council set out on pages 63 to 105 which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the 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 National Heritage Council as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act (Act 1 of 1999).

Basis for opinion on the financial statements

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

Responsibilities of accounting authority for the financial statements

6. The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act (Act 1 of 1999) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the National Heritage Council'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 there is an intention either to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

1. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
2. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
3. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2017:

Programme	Pages in the annual performance report
Programme 2 – Heritage promotion	26 – 31

4. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved

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

5. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme 2 – Heritage promotion.

Other matters

6. I draw attention to the matters below.

Achievement of planned targets

7. Refer to the annual performance report on pages 20 – 31 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

8. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 - Heritage Promotion. As management subsequently corrected the misstatements identified, I did not report any material findings on the usefulness and reliability of the reported performance information.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

9. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the National Heritage Council with specific matters in key legislation. I performed

PART E: FINANCIAL INFORMATION

1. procedures to identify findings but not to gather evidence to express assurance.
2. The material finding in respect of the compliance criteria for the applicable subject matters is as follows:

Annual financial statements, performance and annual report

3. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatement on expenditure and financial instruments disclosure note identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

4. The National Heritage Council's accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and the selected programme presented in the annual performance report that have been specifically reported on in the auditor's report.
5. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
6. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of

this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

7. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matter reported below is limited to the significant internal control deficiency that resulted in the finding on compliance with legislation included in this report.

Financial and performance management

8. The financial statements and disclosures are not adequately reviewed for compliance with GRAP checklist from National Treasury, as a result, the financial statements submitted for audit did not fully comply with the requirements of the standards of GRAP as required by the PFMA and the entity did not have adequate procedures to ensure that the flow of documents between the finance and the funding unit allows for the recording of transactions is done in the correct accounting period

Auditor-General

Pretoria

30 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR- GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the 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 National Heritage Council’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council, which constitutes the accounting authority.
 - conclude on the appropriateness of the Council’s, which constitutes the accounting authority, 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 related to events or conditions that may cast significant

doubt on the National Heritage Council ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a National Heritage Council to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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STATEMENT OF RESPONSIBILITY for the year ended 31 March 2017

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the National Heritage Council to ensure that the financial statements fairly present the state of affairs of the National Heritage Council 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 responsible for reporting on the fair presentation of the financial statements.

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

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal controls established by the National Heritage Council and places considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the National Heritage Council set standards for internal control aimed at reducing the risk of error or loss 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 National Heritage Council and all employees are required to maintain the highest ethical standards in ensuring that the National Heritage Council's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the National Heritage Council is on identifying, assessing, managing and monitoring all forms of risk known to the National Heritage Council. While operating risk cannot be fully eliminated, the Council 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 Authority 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Accounting Authority has reviewed the National Heritage Council's cash flow forecast for the year ended 31 March 2018 and, in the light of this review and the current financial position, is satisfied that the National Heritage Council has access to adequate resources to continue in operational existence for the foreseeable future.

The National Heritage Council is mainly dependent on the Department of Arts and Culture for continued funding of operations. The financial statements are prepared on the basis that the National Heritage Council is a going concern and that the Department of Arts and Culture has neither the intention nor the need to liquidate or curtail materially the scale of the National Heritage Council.

The financial statements, which have been prepared on the going concern basis, were approved by the Accounting Authority on 27 July 2017.



ADV S. MANCOTYWA
CHIEF EXECUTIVE OFFICER



Dr M. BALINTULO
CHAIRPERSON OF COUNCIL

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FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION as at 31 March 2017

	NOTES	2017 R '000	Restated 2016 R '000
ASSETS			
Current assets			
Receivables from exchange transactions	4	186	253
Receivables from non- exchange transactions	5	21,849	480
Prepayments and advances	6	4,436	3,416
Cash and cash equivalents	7	2,308	1,529
Assets classified as held for sale	8	-	72
		28,779	5,750
Non-current assets			
Property, plant and equipment	2	1,517	1,051
Intangible assets	3	76	64
		1,593	1,115
Total Assets		30,372	6,865
LIABILITIES			
Current liabilities			
Payables from exchange transactions	9	5,445	2,806
Deferred income/unspent conditional grants/transfers and receipts	10	21,165	268
Finance lease obligation	11	89	449
Leave Accrual	12	979	724
Performance Bonuses	13	2,630	2,744
		-	89
Non-current liabilities		-	89
Finance lease obligation	11	-	89
		30,308	7,080
Total Liabilities		30,308	7,080
TOTAL NET ASSETS		64	(215)
Accumulated Surplus/(Deficit)		64	(215)
NET ASSETS		64	(215)

PART E:
FINANCIAL INFORMATION

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2017

	NOTES	2017 R '000	Restated 2016 R '000
REVENUE		63,929	63,919
Non-exchange revenue		63,007	63,546
Government grant/Transfer - Department Arts and Culture	14	61,574	58,475
Amortised Government/Transfers/ Partnerships - Other	15	1,433	889
Amortised Government/Transfers - National Lotteries Commission	15	-	4,182
Exchange revenue		922	373
Other income	16	361	14
Interest received	17	561	359
		(63,650)	(62,212)
TOTAL EXPENSES			
Operating expenses	18	(17,234)	(19,335)
Administrative expenses	19	(17,706)	(14,796)
Employee related costs	20	(25,820)	(25,278)
Operating lease expenses	21	(2,153)	(1,910)
Debt written off		(3)	(6)
Finance costs	22	(35)	(68)
Depreciation	23	(653)	(755)
Amortisation	24	(46)	(64)
		279	1,707
SURPLUS FOR THE PERIOD			
SURPLUS FOR THE PERIOD			
<i>Attributable to:</i>			
Owners of the controlling entity		279	1,707
Minority interest		-	-
		279	1,707

PART E:
FINANCIAL INFORMATION

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2017

Balance at 1 April 2015
Surplus for the period
Balance at 31 March 2016
Surplus for the period
Balance at 31 March 2017

Accumulated Surplus/(Deficit) R '000	Total net Assets R '000
(1,922)	(1,922)
1,707	1,707
(215)	(215)
279	279
64	64

CASH FLOW STATEMENT for the year ended 31 March 2017

	NOTES	2017 R '000	2016 R '000
CASH FLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS			
	14	62,952	60,788
Government Grant/Transfer – Department of Arts and Culture		61,574	58,475
Other Receipts		11	27
Conditional Grants/Transfers/ Partnerships		962	2,000
Interest Received		405	286
		(60,822)	(60,365)
CASH PAID TO SUPPLIERS AND EMPLOYEES			
Employee Related Costs		(25,384)	(24,874)
Suppliers		(35,403)	(35,423)
Interest Paid		(35)	(68)
		2,130	423
NET CASH FLOW FROM OPERATING ACTIVITIES			
	26	(902)	(248)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, plant and equipment	2	(865)	(229)
Acquisition of Intangible assets	3	(67)	(19)
Proceeds on disposal of Property, plant and equipment		30	-
		(449)	(381)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for finance lease		(449)	(381)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS			
Cash and Cash Equivalents at the beginning of the period		779	(206)
		1,529	1,735
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	7	2,308	1,529

PART E:
FINANCIAL INFORMATION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year ended 31 March 2017

	Approved Budget R '000	Adjustments R '000	Final Budget R '000	Actual R '000	Variance R '000
REVENUE					
Non-exchange revenue	61,826	1,417	63,243	63,929	(686)
Government grant/Transfer - Department Arts and Culture	61,574	-	61,574	61,574	-
Amortised Government/Transfers/ Partnerships - Other	252	962	1,214	1,433	(219)
Other income	-	41	41	361	(320)
Interest received	-	414	414	561	(147)
TOTAL EXPENSES (Excluding CAPEX)	61,226	1,059	62,285	63,650	1,365
Operating expenses	11,579	4,583	16,162	17,234	1,072
Administrative expenses	17,928	72	18,000	17,706	(294)
Employee related costs	29,643	(3,631)	26,012	25,820	(192)
Operating lease expenses	2,076	-	2,076	2,153	77
Debt written off	-	-	-	3	3
Finance costs	-	35	35	35	-
Depreciation	-	-	-	653	653
Amortisation	-	-	-	46	46
SURPLUS FOR THE PERIOD	600	358	958	279	679
Capital Expenditure	600	358	958	1,193	(265)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Financial Statements are presented in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP), and the provisions of the Public Finance Management Act (Act 1 of 1999), as amended, as well as other applicable legislation, including any interpretations of such Statements issued by the Accounting Practices Board. The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes.

The cash flow statement can only be prepared in accordance with the direct method.

Accounting policy developments include new standards issued, amendments to standards, and interpretation issued on new standards. These developments resulted in the first time adoption of new standards, the restatement of prior year where applicable. Management assessed the impact of all new standards issued, amendments to standards, and interpretations issued on current standards.

Effect of new Standards of GRAP issued

At the date of approval of these financial statements, the following standards were issued but not yet effective. These approved

standards of GRAP are not likely to affect Annual Financial Statements materially when they are adopted:

Standards

GRAP 20: Related Parties Disclosures

GRAP 32: Service Concession Arrangements: Grantor

GRAP 34: Separate Financial Statements

GRAP 35: Consolidated Financial Statements

GRAP 36: Investment in Associates and Joint Arrangements

GRAP 37: Joint Arrangements

GRAP 38: Disclosure of Interests in Other Entities

GRAP 108: Statutory Receivables

GRAP 109: Accounting by Principals and Agents

GRAP 110: Living and Non-living Resources

1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis, except where stated otherwise. These financial statements are presented in South African Rands. The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The following are the principal accounting policies used by the Council which are consistent with those of the previous year.

1.2 Property, Plant and Equipment

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

- It is probable that future economic benefits associated with the item will flow to the Council; and

- The cost of the item can be measured reliably.

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The depreciable amounts of property, plant and equipment are allocated on a systematic basis over their useful lives. The estimated useful lives are currently as follows:

Item	Average Useful life
Computer equipment	3 – 8 years
Office equipment	6 – 14 years
Motor vehicles	5 – 7 years
Furniture and Fittings	6 – 14 years
Leasehold Improvements	Remainder of lease period
Leased Assets	5 years (20%)/ Lease term

Leasehold improvements and leased assets are depreciated over the period of the building lease agreement and lease term respectively. For all other categories, depreciation is provided on a straight-line basis over their useful life. Depreciation rates and residual values are considered annually and adjusted if appropriate.

ACCOUNTING POLICIES

1.2 Property, Plant and Equipment (cont)

The residual value and the useful life of each asset are reviewed at each financial period-end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceed, if any, and the carrying amount of the item.

1.3 Intangible Assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset

is tested for impairment and the remaining carrying amount is amortised over its useful life. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets on a straight-line basis, to their residual values. The estimated useful life of intangible assets is currently as follows:

<u>Item</u>	<u>Average useful life</u>
Computer software	2 – 10 years

1.4 Financial Instruments

Initial Recognition and Measurement

Financial instruments are recognised initially when the National Heritage Council becomes a party to the contractual provisions of the instruments.

The National Heritage Council classifies financial instruments, or their component parts, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. Financial assets and financial liabilities have not been offset in the Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost which, due to their short-term nature, closely approximates their fair value. Appropriate allowances for estimated irrecoverable

ACCOUNTING POLICIES

Financial Instruments (continued)

amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables. Other receivables consist of prepaid expenses and deposits relating to the provision of electricity and the leasing of premises. These receivables are stated at cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and Other Payables

Trade and other payables are stated at fair value. Items classified within trade and other payables are not usually re-measured, as obligations are usually known with a high degree of certainty and its settlement is short term.

1.5 Tax

Tax Expenses

The National Heritage Council is exempt from taxation in terms of Section 10 (1) (cA) (i) of the Income Tax Act.

1.6 Leases

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

Operating Leases

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

Finance Leases

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The 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 on the remaining balance of the liability.

1.7 Impairment of assets

The National Heritage Council assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the National Heritage Council estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the National Heritage Council also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at year end and at the same time every period.

If there is an 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 recoverable amount of the cash generating unit to which the asset belongs is determined.

1.8 Employee benefits

Short term benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and bonus), are recognised in the period in which the service is rendered and are not discounted.

ACCOUNTING POLICIES

1.8 Employee benefits (continued)

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 expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Pension contributions are provided for employees by means of a defined contribution provident fund externally administered by Liberty Life. The defined contribution provident fund is governed by the Pension Funds Act, 1956. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9 Accruals

Accruals are recognised when:

- The National Heritage Council has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of accruals is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required in settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when,

and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the accruals. Accruals are not recognised for future operating deficits.

1.10 Revenue from Non-Exchange Transactions

Transfers and subsidies are recognised when there is reasonable assurance that:

- The National Heritage Council will comply with the conditions attaching to them; and
- The transfers and subsidies will be received.

Transfers and subsidies to which conditions are attached are recognised as revenue in the Statement of Financial Performance to the extent that the entity has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions and obligations have not been met, a liability is raised in the Statement of Financial Position.

Unconditional transfers and subsidies are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable. All transfers and subsidies are recognised at fair value.

1.11 Revenue

Revenue comprises the fair value of considerations received or receivable in the ordinary course of the Council's business.

Revenue is also recognised as follows:

- Transfers and subsidies as stated in accounting policy 1.10
- Interest income is recognised in the statement of financial performance on a time proportionate basis using the effective interest rate method.

1.12 Comparative figures

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

The comparative figures shown in these financial statements are limited to the figures shown in the previous years audited financial statements and such other comparative figures that the National Heritage Council may reasonably have available for reporting in terms of the Public Finance Management Act (PFMA).

1.13 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and could 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.

ACCOUNTING POLICIES

1.14 Irregular expenditure

Irregular expenditure as defined in Section 1 of the Public Finance Management Act (PFMA) is expenditure other than unauthorised expenditure, incurred in contravention of or is not in accordance with a requirement of any applicable legislation.

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which has not condoned by the National Treasury or the relevant authority must be recorded appropriately in the

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

1.15 Research and development expenditure

Research costs are charged against operating surplus as incurred.

Development costs are recognised as an expense in the period in which they are incurred unless the following criteria are met:

- The product or process is clearly defined and the costs attributable to the process or product can be separately identified and measured reliably;
- The technical feasibility of the product or process can be demonstrated;
- The existence of a market or, if to be used internally rather than sold, its usefulness to the entity can be demonstrated;

- Adequate resources exist, or their availability can be demonstrated, to complete the project and then market or use the product or process; and
- The asset must be separately identifiable.

Where development costs are deferred, they are written off on a straight-line basis over the life of the process or product, subject to a maximum of five years. The amortisation begins from the commencement of the commercial production of the product or use of the process to which they relate.

1.16 Judgments made by Management

In preparing the financial statements, management is required to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses, and related disclosures. Historical experience and various other factors believed to be reasonable under the circumstances are used in these instances. Actual results in the future could differ from these estimates. Significant judgment has been exercised in determining the following:

Fair value estimation

The amortised cost (using the effective interest method); less impairment provision of trade receivables and payables are assumed to approximate their fair values. The present value of future cash flows (using the effective interest method), is assumed to approximate the fair value of revenue and purchase transactions.

ACCOUNTING POLICIES

1.16 Judgments made by Management *(continued)*

Impairment testing

The entity makes judgment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions are based on estimates using the information available to management at reporting date.

1.17 Services received in kind

Services received in kind consist primarily of technical assistance received by the National Heritage Council and project group members. The National Heritage Council cannot reliably determine a fair value for this assistance, and as a result does not recognise the value of these services received in the Statement of Financial Performance.

1.18 Related Parties

The Council operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the constitutional independence of all three spheres of government in South Africa, only national sphere of government will be related parties.

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

Close family members of management are considered to be those family members who may be expected to influence, or be influenced by key management individuals or other parties related to the entity.

Related party transactions do not require disclosure if the transactions occurred in a normal supplier/client relationship with no more or less favourable conditions and which occurred within the normal operating parameters established by that reporting entity's legal mandate.

1.19 Finance Income

Finance income comprises interest receivable on positive bank balances and funds invested. Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.20 Material Losses

Material losses are losses incurred that do not comprise normal expenditure or income due to the Council and not recovered.

1.21 Contingent Liabilities

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

1.22 Budget Information

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

General purpose financial reporting by National Heritage Council shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

2. PROPERTY, PLANT AND EQUIPMENT

2017

	Leasehold Improvements	Furniture and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Leased Assets	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
<u>Opening Balances</u>							
Cost	361	1,439	244	386	613	1,494	4,537
Accumulated depreciation	(327)	(1,119)	(204)	(252)	(444)	(1,140)	(3,486)
Carrying amount	34	320	40	134	169	354	1,051
<u>Movements during the year</u>							
Additions	82	150	-	163	731	-	1,126
Derecognition/Disposal	-	-	-	-	(7)	-	(7)
Depreciation	(41)	(104)	(20)	(47)	(142)	(299)	(653)
<u>Closing balances</u>							
Cost	443	1,589	244	549	1,322	1,494	5,641
Accumulated depreciation	(368)	(1,223)	(224)	(299)	(571)	(1,439)	(4,124)
Carrying amount	75	366	20	250	751	55	1,517

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2016

	Leasehold Improvements R '000	Furniture and Fittings R '000	Motor Vehicles R '000	Office Equipment R '000	Computer Equipment R '000	Leased Assets R '000	Total R '000
<u>Opening Balances</u>							
Cost	361	1,403	244	416	939	1,610	4,973
Accumulated depreciation	(310)	(1,012)	(155)	(283)	(615)	(938)	(3,313)
Carrying amount	51	391	89	133	324	672	1,660
<u>Movements during the year</u>							
Additions	-	86	-	69	74	-	229
Derecognition/Disposal	-	(7)	-	(21)	(55)	-	(83)
Depreciation	(17)	(150)	(49)	(47)	(174)	(318)	(755)
<u>Closing balances</u>							
Cost	361	1,439	244	386	613	1,494	4,537
Accumulated depreciation	(327)	(1,119)	(204)	(252)	(444)	(1,140)	(3,486)
Carrying amount	34	320	40	134	169	354	1,051

A register containing the information required by section 63 of the Public Finance Management Act (PFMA) is available for inspection at the registered office of the National Heritage Council. The register reconciles to Note 2.

Pledge as security

None of the Property, Plant and Equipment has been pledged as security for any liabilities.

See Note 11 on Financial Lease Obligation

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

3. INTANGIBLE ASSETS

INTANGIBLE ASSETS - 2017

Opening Balance (Cost)	
Opening balance (Accumulated Amortisation)	
Carrying Amount (Opening Balances)	
Additions	
Disposals	
Amortisation (During the year)	
Carry Amount (Closing Balances)	
Cost	
Accumulated Amortisation	

R '000	R '000
Computer Software	Total
437	437
(373)	(373)
64	64
67	67
(9)	(9)
(46)	(46)
76	76
368	368
(292)	(292)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

3. INTANGIBLE ASSETS

INTANGIBLE ASSETS- 2016

Opening Balance (Cost)	
Opening balance (Accumulated Amortisation)	
Carrying Amount (Opening Balances)	
Additions	
Disposals	
Amortisation (During the year)	
Carry Amount (Closing Balances)	
Cost	
Accumulated Amortisation	

R '000	R '000
Computer Software	Total
418	418
(309)	(309)
109	109
19	19
-	-
(64)	(64)
64	64
437	437
(373)	(373)

A register containing the information required by section 63 of the Public Finance Management Act (PFMA) is available for inspection at the registered office of the National Heritage Council. The register reconciles to Note 3.

Pledge as security

None of the Intangible assets have been pledged as security for any liabilities.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Sundry Debtors	
Staff Debtors	
Interest receivable	
<i>Financial assets</i>	

2017	2016
R '000	R '000
141	185
26	56
19	12
186	253

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Conditional Grant/Transfer Receivable	
<i>Financial assets</i>	

21,849	480
21,849	480

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

	2017 R '000	2016 R '000
6. PREPAYMENTS AND ADVANCES		
Deposit for rent	244	244
Prepayments and advances	4,192	3,172
<i>Financial assets</i>	4,436	3,416

Pledge as security

The NHC has referred the CCMA award to the Labour Court for a review. The amended Labour Relations Act requires the party who brings an application under section 145 to furnish security equivalent to 24 months' remuneration in particular where the CCMA awarded an order of reinstatement or re-employment. The amount pledged to date including interest is R 2,065,579 which is reported under payments and advances.

7. CASH AND CASH EQUIVALENTS

Cash on hand	5	5
Cash at bank	2,290	1,520
Funds held on call deposit	13	4
<i>Financial assets</i>	2,308	1,529

8. ASSETS HELD FOR SALE

Assets to be disposed are as follows:

Furniture and Fittings	-	7
IT Equipment	-	55
Office Equipment	-	10
	-	72

Assets are stated at carrying amount. The fair value of assets could not be measured reliably.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2017	2016
	R '000	R '000
<i>Financial liabilities</i>	5,362	2,806
Trade payables	4,603	2,342
Salary related payables	759	464
<i>Other Payables</i>	83	-
Operating lease payables	83	-
<i>Financial liabilities</i>	5,445	2,806

The operating lease is straight lined.

See Note 28 on Financial Instruments on how risk is managed in relation to the financial assets listed above

10. DEFERRED INCOME/UNSPENT CONDITIONAL GRANTS/TRANSFERS

	2017	2016
Balance at the beginning of the year	268	5,157
Conditional Grants/Transfers - Eastern Cape (Office of the Premier)	251	1,140
Conditional Grants/Transfers - Eastern Cape (Office of the Premier)	17	4,017
Movement during the year - Receipts	-	-
Conditional Grants/Transfers - Eastern Cape (Office of the Premier)	-	-
Conditional Grants/Transfers - National Lotteries Commission	-	-
Movement during the year - Recognised	20,897	(4,889)
Conditional Grants/Transfers - Eastern Cape (Office of the Premier)	(251)	(889)
Conditional Grants/Transfers - National Lotteries Commission Adjustment	(2)	(4,182)
Conditional Grant/Transfers - Department of Arts and Culture Receivables	21,150	182
Balance at year end	21,165	268
Conditional Grants/Transfers - Eastern Cape (Office of the Premier)	-	251
Conditional Grant/Transfers - Department of Arts and Culture Receivables	21,150	-
Conditional Grants/Transfers - National Lotteries Commission	15	17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

11. FINANCE LEASE OBLIGATION

Minimum Lease payments due

- Within one year
- In second to fifth year inclusive

Less: Future finance charges

Present value of future minimum lease payments

Present value of minimum lease payments due

- Within one year
- In second to fifth year inclusive

Current portion of finance lease obligation

Long-term portion of finance lease obligation

	2017	2016
	R '000	R '000
	90	480
	-	90
	90	570
	(1)	(32)
	89	538
	89	449
	-	89
	89	538
	89	449
	-	89
	89	538

It is National Heritage Council policy to lease certain equipment under finance leases:

Entered into a rental operational agreement with ITEC Finance Limited for three (3) photocopy machines and one (1) ITEC IPBX effective, 1 February 2011, 1 June 2012 and 28 June 2012 respectively. The three contracts are for a period of 60 months each at R19,152; R197,160; R50,400 and R57,456 per annum respectively, using a 15% escalation rate. Additional finance costs are charged by the lessor which is based on the prime rate, thus attracting additional finance costs which are not included in the above reconciliation. The lease is accounted for as a finance lease since the lease term is for the major part of the economic life of the assets, even though the title to the asset may not be transferred on expiry of the lease term.

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

12. LEAVE ACCRUAL

Opening balances

Leave accrual

Additions

Leave accrual

Utilised

Leave accrual

Reversed

Leave accrual

Closing balances

Leave accrual

13. PERFORMANCE BONUSES

Opening balances

Performance Bonuses

Additions

Performance Bonuses

Utilised

Performance Bonuses

Reversed

Performance Bonuses

Closing balances

Performance Bonuses

	2017	2016
	R '000	R '000
Opening balances	724	634
Leave accrual	724	634
Additions	979	724
Leave accrual	979	724
Utilised	(186)	(191)
Leave accrual	(186)	(191)
Reversed	(538)	(443)
Leave accrual	(538)	(443)
Closing balances	979	724
Leave accrual	979	724
	979	724
Opening balances	2,744	2,724
Performance Bonuses	2,744	2,724
Additions	2,630	2,759
Performance Bonuses	2,630	2,759
Utilised	(2,744)	(2,739)
Performance Bonuses	(2,744)	(2,739)
Reversed	-	-
Performance Bonuses	-	-
Closing balances	2,630	2,744
Performance Bonuses	2,630	2,744
	2,630	2,744

Performance bonuses are payable on or around September, the payment is subject to the results of the audit for the year ending 31 March 2017 and also on how employees will perform against their performance targets. As at 31 March 2017 there was no certainty on the two prerequisites therefore a provision based on actual performance bonuses paid in 25 April 2016 with an overall rating of four (4) plus cost-of-living adjustment as determined by Department of Public Service and Administration for SMS and Non-SMS has been provided for the year ending 31 March 2017.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

14. GOVERNMENT GRANT/TRANSFER

Grant/Transfer received – Department of Arts and Culture

	2017	2016
	R '000	R '000
	61,574	58,475
	61,574	58,475

15. AMORTISED CONDITIONAL GRANTS/TRANSFERS/PARTNERSHIPS

AMORTISED GRANT/TRANSFER/PARTNERSHIPS - OTHER

Eastern Cape (Office of the Premier)
Sol Plaatje Municipality
Northern Cape Dept. of Sports, Arts & Culture
National Arts Council

	471	889
	500	-
	300	-
	162	-
	1,433	889

AMORTISED GRANT/TRANSFER - NATIONAL LOTTERIES

National Lotteries Commission

	-	4,182
	-	4,182

16. OTHER INCOME

Sundry Income
Derecognised Trade and other payable from Exchange

	11	14
	350	-
	361	14

The National Heritage Council received sundry income from the sale of bid tender documents.

Long outstanding trade and other payables were written off which relates to expired contractual obligations.

17. INTEREST RECEIVED

Interest revenue

	561	359
--	-----	-----

Interest revenue comprises of interest received on positive bank balances and funds invested on one-day call account. Interest revenue is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

18. OPERATING EXPENSES

Legal fees
Heritage projects and programmes
Staff training and development
Maintenance, repairs and running costs

	2017	2016
	R '000	R '000
	3,934	1,496
	12,626	17,409
	526	273
	148	157
	17,234	19,335

19. ADMINISTRATIVE EXPENSES

General and Administrative expenses
Loss on disposal of assets
Travel and Accommodation

	14,872	12,050
	54	11
	2,780	2,735
	17,706	14,796

20. EMPLOYEE RELATED COSTS

Basic salaries
Acting Allowance
Overtime
Employee contributions - Provident Fund
Employee contributions - UIF
Leave and bonus
Employer contributions - Provident Fund
Employer contributions - UIF
Employer contributions - SDL
Employer contributions - Medical Aid

	17,886	17,910
	807	377
	33	31
	1,581	1,699
	48	48
	3,124	3,013
	1,581	1,699
	48	48
	226	218
	486	235
	25,820	25,278

21. OPERATING LEASE EXPENSES

Office space
Parking

	1,918	1,746
	235	164
	2,153	1,910

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

22. FINANCE COSTS

Interest Paid (Other)
Interest paid on leased assets

	2017 R '000	2016 R '000
	1	1
	34	67
	35	68

23. DEPRECIATION

Motor vehicles
IT equipment
Office equipment
Furniture and fittings
Leasehold improvement
Leased assets - office equipment

	20	49
	142	174
	47	47
	104	150
	41	17
	299	318
	653	755

24. AMORTISATION

Computer software

	46	64
--	-----------	-----------

25. OPERATING LEASES

The National Heritage Council renewed a rental agreement with the Redefine Property Group, effective 1 April 2016.

The lease contract is for 24 months at a cost of R 2,069,906 per annum, escalating at 8% per annum

Lease commitments (operating leases)

Up to one year
Later than one year and not later than 5 years

	2,236	2,070
	-	2,236
	2,236	4,306

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

26. CASH GENERATED FROM OR (USED IN) OPERATIONS

	2017	2016
	R '000	R '000
Surplus for the year	279	1,707
Adjustments for:	637	940
Depreciation – Property, plant and equipment	653	755
Amortisation - intangible assets	46	64
Movement in leave and bonuses pay	141	110
(Gain) or loss of derecognition of Property, plant and equipment	54	11
Other non-cash	(260)	(6)
Irrecoverable debt	3	6
Changes in working capital:	1,214	(2,224)
Trade and other receivables	(21,302)	1,668
Prepayments and advances	(1,020)	1,469
Trade and other payables	2,639	(472)
Deferred income/Unspent conditional grants/transfers	20,897	(4,889)
	2,130	423

27. RELATED PARTIES

Related party transactions (Receipts)

Grant/Transfer – Recurring expenditure - Department of Arts and Culture	61,574	58,475
Receivable from non-exchange – Department of Arts and Culture	21,150	
Conditional Grant/Transfer – National Lotteries Commission	-	2,000
Receivable from non-exchange - National Lotteries Commission	-	480
Partnership - National Arts Council	162	-
	82,886	60,955

Related party transactions (Payments)

National Library of South Africa	-	100
	-	100

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

27. RELATED PARTIES (continued)

1. The National Heritage Council is a schedule 3A public entity under the National Department of Arts and Culture. The Department of Arts and Culture acts on behalf of the Minister of Arts and Culture as Executive Authority and has the responsibility to make provision for funding the activities of the Council by way of a grant or transfer listed in the Estimates of National Expenditure. The National Heritage Council received R 61,574,000 as operational grant.
 - An allocation of R21,150,000 was set aside by the Department and Arts and Culture for the Test Phase: Project Management Office (Resistance and Liberation Heritage Route) for the roll-out of the provincial priority sites and professional support to the World Heritage Listing programme.
 - By virtue of the fact that the National Heritage Council is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms, except where employees of national departments or national public entities participate in our processes and do not receive any remuneration. The National Department of Arts and Culture is the related party of the National Heritage Council.
2. The National Heritage Council received R 162,000 National Arts Council for a partnership Programme (Heritage Education Schools Outreach). By virtue of the fact that the National Heritage Council is a National Public Entity and controlled by the National Government, any other controlled entity of the National Government is a related party. All transactions with such entities and/or government departments are at arm's length and on normal commercial terms, except where employees of National Departments or National Public Entities participate in our processes and do not receive any remuneration
3. The National Film and Video Foundation pledged R 75,866 (off-balance sheet resources) in support of the Heritage Education Schools Outreach Programme in documenting the program at the Heritage Camp. By virtue of the fact that the National Heritage Council is a National Public Entity and controlled by the National Government, any other controlled entity of the National Government is a related party. All transactions with such entities and/or government departments are at arm's length and on normal commercial terms, except where employees of National Departments or National Public Entities participate in our processes and do not receive any remuneration.
4. The National Heritage Council has made provision for the publication of a book by National Library of South Africa. By virtue of the fact that the National Heritage Council is a National Public Entity and controlled by the National Government, any other controlled entity of the National Government is a related party. All transactions with such entities and/or government departments are at arm's length and on normal commercial terms, except where employees of National Departments or National Public Entities participate in our processes and do not receive any remuneration
5. Key management are those persons responsible for planning, directing and controlling the activities of the NHC, including those charged with the governance of the NHC in accordance with legislation, in instances where they are required to perform such functions. Council members, Chief Executive Officer, Chief Financial Officer, General Manager, Company Secretary and the Executive Manager are the positions regarded as being at key management level at the National Heritage Council.

Refer to key management disclosure. Note 30 and 31.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS

Liquidity risk

The National Heritage Council is only exposed to liquidity risk with regards to the payment of its trade payables. These trade payables are all due within the short-term. The National Heritage Council manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in a money market account.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The National Heritage Council only deposits cash with major banks with high quality credit standing and limits exposure to any other counter-party.

Interest rate risk

This is a risk that fair value or future cash flows from financial instrument will fluctuate as a result of changes in the market interest rates. Values in the financial instruments may change, thus resulting in both potential gains and losses. The National Heritage Council's activities do not expose it to significant market interest rate risks. Therefore, there are no procedures in place to mitigate these risks.

1) Current and Call Account Interest Rate

- A one percentage point increase/decrease in current account interest rate.
- A one percentage point increase/ decrease in call account interest rate.
- A one percentage point increase/ decrease in Finance Lease Agreement interest rate.

2017

Current & call account interest rate.			
Current Balance			
	R'000	R'000	R'000
Current bank and call account Balance	2,308	2,435	2,181
% change		5.5%	-5.5%
Finance lease agreement interest			
Current Balance			
Finance Lease Agreement	89	98	80
% change		10.5%	-10.5%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS (continued)
2016

Current & call account interest rate.			
Current Balance			
	R'000	R'000	R'000
Current bank and call account Balance	1,529	1,613	1,445
% change		5.5%	-5.5%
Finance lease agreement interest			
Current Balance			
Finance Lease Agreement	449	496	402
% change		10.5%	-10.5%

An analysis of the ageing of Debtors that are more than 30 days				
Debtors type	Total	Current	30-120	120+
2017				
	R'000	R'000	R'000	R'000
Staff Debtors	26	24	2	
Sundry Debtors	141	-	-	141
Interest Receivable	19	19	-	-
Eastern Cape (Office of the Premier)	219	54	165	-
National Lotteries	480	-	-	480
Department of Arts and Culture	21,150	21,150	-	-
Totals	22,035	21,247	167	621

An analysis of the ageing of Debtors that are more than 30 days				
Debtors type	Total	Current	30-120	120+
2016				
	R'000	R'000	R'000	R'000
Staff Debtors	56	55	-	1
Sundry Debtors	185	27	-	158
Interest Receivable	12	12	-	-
National Lotteries	480	-	65	415
Totals	733	94	65	574

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS (continued)

3) Financial Assets Subject to credit risk

Debtors type	Total	Fully Performing	Over 30 days but not Impaired	Impaired
2017				
	R'000	R'000	R'000	R'000
Staff Debtors	26	24	2	-
Other Debtors	141	-	141	-
Interest Receivable	19	19	-	-
Eastern Cape (Office of the Premier)	219	54	165	-
National Lotteries	480	-	480	-
Department of Arts and Culture	21,150	21,150	-	-
Totals	22,035	21,247	788	-

3) Financial Assets Subject to credit risk

Debtors type	Total	Fully Performing	Over 30 days but not Impaired	Impaired
2016				
	R'000	R'000	R'000	R'000
Staff Debtors	56	56	-	-
Other Debtors	185	27	158	-
Interest Receivable	12	12	-	-
National Lotteries	480	-	480	-
Totals	733	95	638	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS (continued)

Maturity Profile of Financial Instruments			
31-Mar-17	1 year or less	1-5 years	Total
Assets			
	R'000	R'000	R'000
Trade and other Receivables	22,035	-	22,035
Prepayments and Advances	2,065		2,065
Cash			
Call Account	13	-	13
Current Account- Lotteries Funds	1,103	-	1,103
Current Account – Dept. of Arts and Culture	195	-	195
Current Account – Eastern Cape (Office of the Premier)	1	-	1
Partnerships – Current Account	991	-	991
Cash on hand	5	-	5
Total Financial assets	26,408	-	26,408
Liabilities			
Finance lease	(89)	-	(89)
Trade and other Payables	(5,445)	-	(5,445)
Total Finance Liability	(5,534)	-	(5,534)
Net Financial Asset/ liability	20,874	-	20,874

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS (continued)

31-Mar-16	1 year or less	1-5 years	Total
Assets			
	R'000	R'000	R'000
Trade and other Receivables	733	-	733
Prepayments and Advances	1,917	-	1,917
Cash			
Call Account	4	-	4
Current Account- Lotteries Funds	1,040	-	1,040
Current Account – Dept. of Arts and Culture	169	-	169
Current Account – Eastern Cape (Office of the Premier)	311	-	311
Cash on hand	5	-	5
Total Financial assets	4,179	-	4,179
Liabilities			
Lease Liability	(449)	(89)	(538)
Trade and other Payables	(2,806)	-	(2,806)
Total Finance Liability	(3,255)	(89)	(3,344)
Net Financial Asset/ liability	924	(89)	835

5) Line items presented in the statement of financial position summarised per category of Financial Instrument 2017

	Carrying Amount	Adjustment	Fair value
Financial Assets			
	R'000	R'000	R'000
Cash and Cash equivalents	2,308	-	2,308
Prepayments and Advances	2,065	--	2,065
Trade and other receivables	22,035		22,035
Financial Liability			
Finance lease Agreement	89	-	89
Trade and other Payables	5,445	-	5,445

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

28. FINANCIAL INSTRUMENTS (continued)

Line items presented in the statement of financial position summarised per category of Financial Instrument 2016

	Carrying Amount	Adjustment	Fair value
	R'000	R'000	R'000
Financial Assets			
Cash and Cash equivalents	1,529	-	1,529
Prepayments and Advances	1,917	-	1,917
Trade and other receivables	733	-	733
Financial Liability			
Finance lease Agreement	538	-	538
Trade and other Payables	2,806	-	2,806

Pledge as security

None of the Financial Assets have been pledged as security for any liabilities.

29. CONTINGENT ASSETS

A service provider was appointed to conduct a full investigation into the allegation that an official of the Department of Arts, Culture and Sports in Limpopo accepted a position of Provincial Coordinator with the National Heritage Council in May 2014. The aforementioned allegations were found to be true. The Department of Arts, Culture and Sports in Limpopo has since been notified of the outcomes of the aforementioned investigation and they indicated that they have instituted their own investigation.

The NHC is still awaiting the outcome of the investigation of the department and considers the likelihood of the recovery of funds against the Provincial Coordinator being within the ambit and processes of the Department of Arts, Culture and Sports in Limpopo.

The amount of the right could not be measured with sufficient reliability due to likelihood of the recovery of the funds.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

**30. MEMBERS EMOLUMENTS - NON-EXECUTIVE
2017**

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
Dr M Balintulo (Chairperson)	187	60	247
Ms A Damane (Deputy Chairperson)	143	4	147
Dr GM Tawane	95	-	95
Mr F. Makhanya##	2	1	3
Mr V. Bila	67	12	79
Adv. A. Botha	25	1	26
Mr B. Pelele	76	66	142
Chief L. Matsila	51	50	101
Dr M. Tyatyeka	56	10	66
Ms P. Kadi	106	6	112
Mr M. Makhweyane	79	10	89
Prof S. Bouillon	14	1	15
Mr. J Sithole#	62	4	66
Mr Z. Fihlani (Former Chairperson Audit and Risk Committee) *##	71	3	74
Ms N. Madiba (Chairperson Audit and Risk Committee) **	221	51	272
Mr Z. Nomafu*	64	4	68
Mr Y Haffejee*	25	1	26
	1,344	284	1,628

*Independent Audit and Risk Committee member

** Independent Audit Committee member and Chairperson of Risk Management Committee

Resigned

##Lapsed

^^^Deceased

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

30. MEMBERS EMOLUMENTS - NON-EXECUTIVE (continued)
2016

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
Dr M Balintulo (Chairperson)	173	73	246
Ms A Damane (Deputy Chairperson)	79	5	84
Dr GM Tawane	38	-	38
Ambassador D Moopeloa	19	3	22
Mr F. Makhanya	13	1	14
Prof F.M Mathebula	9	1	10
Mr V. Bila	31	6	37
Ms S. Nhlumayo ^{^^^}	5	-	5
Adv A. Botha	20	-	20
Mr B. Pelele	38	24	62
Chief L. Matsila	32	30	62
Dr M. Tyatyeka	16	4	20
Ms P. Kadi	53	3	56
Mr M. Makhweyane	14	1	15
Mr. J Sithole	2	-	2
Mr Z. Fihlani (Chairperson Audit and Risk committee) *	114	5	119
Ms N. Madiba **	196	86	282
Mr Z. Nomafu*	78	4	82
	930	246	1,176

*Independent Audit and Risk Committee member

** Independent Audit Committee member and Chairperson of Risk Management Committee

Resigned

##Lapsed

^^^Deceased

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

31. MEMBERS EMOLUMENTS (EXECUTIVE)

2017

Designation	Effective Date	Basic Salary R'000	Acting Allowance	Travel Allowance R'000	Medical R'000	Performance Bonuses R'000	Provident Fund R'000	Total R'000
Chief Executive Officer	1-April-16	1,351	-	150	49	441	265	2,256
General Manager: Heritage #	1-April-16	542	-	62	-	191	82	877
Chief Financial Officer	1-April-16	1,106	-	-	22	189	195	1,512
Executive Manager	1-April-16	967	-	151	29	191	197	1,535
Company Secretary	1-April-16	886	111	-	36	166	156	1,355
Acting General Manager	1-Sept-16	-	196	-	-	-	196	196
		4,851	307	363	136	1,178	1,091	7,731

Resigned

##*Received Acting Allowance

2016

Designation	Effective Date	Basic Salary R'000	Acting Allowance	Travel Allowance R'000	Medical R'000	Performance Bonuses R'000	Provident Fund R'000	Total R'000
Chief Executive Officer	1-April-15	1,321	-	150	49	441	260	2,221
General Manager: Heritage	1-April-15	962	-	151	-	191	192	1,496
Chief Financial Officer	1-April-15	1,115	-	-	22	189	190	1,516
Executive Manager	1-April-15	962	-	151	26	191	192	1,522
Company Secretary	1-April-15	852	117	-	36	166	164	1,335
		5,212	117	452	133	1,178	998	8,090

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

32. EVENTS AFTER THE REPORTING DATE

32.1 PROJECT MANAGEMENT OFFICE (PMO)

R21,150,000.00 was set aside in 2016/2017 financial year and transferred after 31 March 2017 by the Department and Arts and Culture for the **Test Phase:** PMO which originates from the Resistance and Liberation Heritage Route (RLHR) Business Plan which identifies this capacity for the systematic roll-out of the provincial priority sites and professional support to the World Heritage Listing programme.

The defined scope of the PMO is to implement the identified infrastructure projects proposed by the various departments in the 8 provinces (excluding the Free State Province). Each province has a maximum of 3 projects to implement. The duration of the projects is for 24 months, commencing from 1 April 2017.

32.2 SETTLEMENT AGREEMENT

An official was dismissed following a disciplinary hearing chaired by an independent Chairperson in 2014/2015 financial year. The matter was referred to the CCMA by the former official and the Commissioner ordered NHC to reinstate the applicant with backpay.

The matter was then referred by NHC to the Labour Court for review. Due to protracted legal process and escalating legal costs, the NHC recommenced the negotiations with applicant and an out of court settlement agreement was concluded on the 21 April 2017. The NHC shall pay the applicant a settlement amount of R2,000 000.00 as full and final settlement minus such income tax payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

33.1 Details of Irregular Expenditure

Opening Balance
Add: Irregular Expenditure current year
Less: Irregular Expenditure condoned/ recovered

	2017 R`000	2016 R`000
	326	-
	1,264	4,148
	(1,590)	(3,822)
	-	326
Analysis of irregular expenditure condoned by the Accounting Authority per age classification:		
Current Year	1,590	3,822
Prior years	25,667	21,845
	27,257	25,667
Analysis of irregular expenditure per age classification awaiting condonation per classification:		
Current Year	-	-
Prior years	-	-
	-	-
Details of irregular expenditure - current year:		
Incident		
Non-Compliance with PFMA and Treasury Regulations	1,264	3,822
Non-Compliance with PFMA and Treasury Regulations - Three quotes not obtained#	-	326
	1,264	4,148

PART E:
FINANCIAL INFORMATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

33. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (Continued)

33.2 Details of Fruitless and Wasteful Expenditure

Opening Balance

Add: Fruitless and wasteful expenditure current year
Less: Fruitless and wasteful expenditure condoned / recovered

Analysis of fruitless and wasteful expenditure condoned by the Accounting Authority per age classification:

Current Year
Prior years

Analysis of irregular expenditure per age classification awaiting condonation per classification:

Current Year
Prior years

33.2 Details of Fruitless and Wasteful Expenditure (continued)

Details of fruitless and wasteful expenditure

Incident

Settlement Amount Paid

**Disciplinary steps taken/
Criminal proceedings**

Not Applicable

	2017	2016
	R`000	R`000
	-	-
	-	530
	-	(530)
	-	-
	-	-
	-	530
	3,799	3,269
	3,799	3,799
	-	-
	-	-
	-	-
	-	-
	-	530
	-	530

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

34. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the 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. Nothing has come to the attention of Management and Accounting Authority to indicate that the organisation would not remain a going concern for the foreseeable future, based on forecasts and its liquidity.

35. COMMITMENTS

Operational	Amount 2017 R`000	Amount 2016 R`000
Up to one year		
Funding Disbursements (Heritage Funded Projects)	453	1,197
Quotations and contracts (Excluding Finance and Operating Leases)	3,770	6,340
Later than one year and not later than 5 years		
Quotations and contracts (Excluding Finance and Operating Leases)	395	-
TOTAL	4,451	7,537

36. CHANGES IN ACCOUNTING ESTIMATES

The NHC conducted a review of useful lives of property plant and equipment and intangible assets. This review resulted in the extensions of useful lives of assets under the following classes:

Class	Depreciation/ Amortisation R`000	Accumulated Depreciation R`000	Effect: Statement of Financial Position	Effect: Statement of Financial Performance
Leasehold Improvements	(29)	(29)	Decrease to carrying amount	Decrease to surplus
Motor Vehicle	20	20	Increase to carrying amount	Increase to surplus
Computer Equipment	(5)	(5)	Decrease to carrying amount	Decrease to surplus
Intangible Assets	6	6	Increase to carrying amount	Increase to surplus
Furniture and Fittings	(41)	(41)	Decrease to carrying amount	Decrease to surplus
Office Equipment	3	3	Increase to carrying amount	Increase to surplus
TOTAL	(46)	(46)		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

37. OTHER SIGNIFICANT TRANSACTIONS AND EVENTS

R`000

37.1 The National Heritage Council received financial support in cash from the following partners in support of the Golden Shield Heritage Awards (GOSHA):

Partnership - Sol Plaatje Municipality	500
Partnership - Northern Cape Dept. of Sports, Arts & Culture	300
	800

37.2 The following off-balance sheet resources were pledged by partners in respect of Heritage Education Schools Outreach Programme (HESOP):

Department of Basic Educational	250
Department of Northern West Education	138
Limpopo Heritage Resources Authority	120
Northern Cape Department of Education	82
	590

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

38. PRIOR YEAR ADJUSTMENTS

The corresponding figures for 31 March 2016 have been restated as a result of errors discovered during the financial year ended 31 March 2017.

The effect of the above errors is as follows:

STATEMENT OF FINANCIAL POSITION

Effect	Nature	R`000
Decrease in payments and advances	Heritage funded projects relating to prior year were recorded in the current year.	179

STATEMENT OF FINANCIAL PERFORMANCE

Effect	Nature	R`000
Increase in operating expenses	Heritage funded projects relating to prior year were recorded in the current year.	179

PART E:
FINANCIAL INFORMATION

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

Revenue

Government grant/transfer
Amortised conditional grants/transfers/ partnerships - Other
Amortised conditional grants/transfers - National Lotteries
Other income
Interest received

Expenses

Operating expenses
Administrative expenses
Employment related costs
Operating lease expenses
Debt written off
Finance costs
Depreciation
Amortisation

SURPLUS FOR THE PERIOD

	2017	2016
	R'000	R'000
	63,929	63,919
	61,574	58,475
	1,433	889
	-	4,182
	361	14
	561	359
	(63,650)	(62,212)
	(17,234)	(19,335)
	(17,706)	(14,796)
	(25,820)	(25,278)
	(2,153)	(1,910)
	(3)	(6)
	(35)	(68)
	(653)	(755)
	(46)	(64)
	279	1,707

PART E:
FINANCIAL INFORMATION

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

	2017 R'000	2016 R'000
OPERATING EXPENSES		
Legal Fees	3,934	1,496
Heritage Projects and Programmes	12,626	17,409
Funding disbursements (Heritage Funded Projects)	2,334	1,487
Heritage Resource Centre	4	3
Ubuntu in Nation building	73	20
Heritage Strategic Programmes	1,628	2,118
Heritage Engagement with Sector	3,519	3,201
SATMA Awards	319	500
Heritage Awards	2,838	1,599
Support of Youth Heritage	355	332
Heritage and Education Outreach Programme Project	593	649
Publish Volumes of Heritage Books	-	160
Mandela Gun	-	4,000
Heritage Liberation Route – Lotteries Funded	-	182
Home of Legends	471	889
Heritage sites	492	2,269
Staff Training and Development	526	273
Staff Training	422	143
Subscriptions	104	130
Maintenance, Repairs and Running Costs	148	157
Repairs and Maintenance	148	157
	17,234	19,336

PART E:
FINANCIAL INFORMATION

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

ADMINISTRATIVE EXPENSES

General and Administrative Expenses

Catering Meetings
 Audit Fees (Internal)
 Audit Fees (External)
 Advertising of Posts
 Marketing & Communication
 Advertising - Tenders & Policies
 Bank Charges
 Consulting Fees
 Courier & Postage
 Electricity, Water & Refuse
 COIDA
 Honoraria
 Insurance
 Staff Welfare
 Loss on disposal of assets
 Leasing & hire costs
 Rentals - Office Equipment
 Motor Vehicle Expenses
 Printing & Stationery
 Rates & Taxes
 Publications
 Recruitment Cost
 Workshops
 Sundry Expense
 Telephone & Faxes
 Cell phone Accounts
 Temp Staff
 IT Support
 Service Charges

Travel and Subsistence

	2017 R'000	2016 R'000
	14,926	12,061
	60	65
	411	429
	1,239	1,277
	106	-
	402	1,605
	59	360
	29	21
	1,538	1,525
	26	18
	372	494
	33	49
	1,491	988
	88	96
	826	479
	54	11
	-	2
	53	14
	98	84
	630	404
	138	159
	2,878	1,897
	91	164
	1,304	185
	95	(12)
	660	664
	496	623
	729	140
	491	196
	529	124
	2,780	2,735
	17,706	14,796

PART E:
FINANCIAL INFORMATION

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

EMPLOYEE RELATED COSTS

Employment related costs

Salaries
Leave Pay
Performance Bonus Pay

	2017 R'000	2016 R'000
	22,696	22,265
	466	254
	2,658	2,759
	25,820	25,278









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