

CONTENTS

Foreword	2
Performance report	4
Heritage Programmes	30
Funded Projects	36
Human Resources	37
Liberation Heritage Project	39
Report of the Audit Committee	42
Annual Financial Statements	43



FOREWORD



Adv. Sonwabile Mancotywa
Chief Executive Officer

The National Heritage Council (NHC) is coming of age. One year before the NHC started its operations in an old Johannesburg neighbourhood called Parktown, the then President of the United States, Bill Clinton delivered the first Annual Nelson Mandela Lecture. That was in 2003. President Nelson Mandela who is now 93 years old had just turned 85 that year. President Bill Clinton used a character in a poem by Dylan Thomas to describe Nelson Mandela's retirement. He said like the man in the poem, Mandela "refused to go gentle into

that good night," he said, "instead he simply soldiered on, raging instead against injustice and leading us toward the light." This description is also true to our heritage over the years since the birth of the NHC. Our heritage has awakened from obliteration. I thank the people of South Africa who were part of ensuring that our country's heritage occupies the centre stage of our social consciousness. Given the injustices committed on our history and consequently an onslaught to heritage.

In the late 2004, I entered an empty building that was literally a shell of what was to become the NHC. Over the years, today, the organisation prides itself with internal operational systems that are guided by policies and systems. The driving force is a committed team of professionals supported by a Council whose members changed over the past three terms of office. Unfortunately, at the time of producing this report, the NHC was in a transitional stage awaiting the appointments of the new Council by the Department of Arts and Culture. I was, as the Chief Executive Officer, the Accounting Authority appointed by the Minister of Arts and Culture.

Again, the NHC was able to introduce several programmes that have risen to national focal points. The Liberation Heritage project is moving at full steam and continues to attract the participation of other African countries with traces of critical liberation struggle histories on the continent. After a national consultative programme with all the provinces and their stakeholders, a session with the SADC regional heritage

practitioners is scheduled for the coming year. Our funding initiative that assists, to the extent possible, community heritage projects that are under normal private sponsorship policies excluded from qualifying have gone exceptionally well this year. Three of the best performing funded projects received meritorious recognition.

Other notable work for the year under review includes the policy position papers on 'Heritage and Development', 'Ethics in heritage' and 'Access to heritage'. The South African Traditional Music Awards (SATMA) has contributed to the FIFA Soccer World Cup excitement in South Africa and selected African countries.

Despite all the organisational challenges and the absence of a Council for most part of the year, the work of the NHC continued with distinction. Some challenges that were greater and unforeseen were lessons from which the NHC has learned lessons never to be repeated. It is these lessons and successes that are counted in our era towards our coming of age.

A handwritten signature in black ink, appearing to read 'Adv. Sonwabile Mancotywa'. The signature is stylized and fluid.

Adv Sonwabile Mancotywa
Chief Executive Officer



PERFORMANCE REPORT

1. The Core Functions of the NHC

As expressed in the Act, the functions of the NHC 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 matter 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;
- 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; and
- k) Perform such duties in respect of its objects as the Minister may assign to it.
- l) The Council may on its own initiative advise the Minister on any matter concerning heritage.

2. NHC Priorities

The strategic plan from which this report is prepared had the following priorities:

- a) To provide the Minister of Arts and Culture with sound policy advice on all national heritage matters;
- b) Equitable redress and inclusivity;
- c) Enhance the role of Ubuntu in nation building;
- d) Improve co-ordination and management of the sector;
- e) Positioning the heritage sector as a significant contributor to socio-economic development;
- f) Improve resources mobilisation efforts of the NHC;
- g) Public awareness, education and stakeholder relations;
- h) Institutional development of the National Heritage Council and heritage organisation

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

3. NHC Strategic Focus

The Strategic Focus of the NHC is presented hereunder:

Balance Scorecard Perspective	Strategic Focus Areas
Primary goal perspective	<ul style="list-style-type: none"> To provide the Minister with policy advice Funding and resource mobilisation Mainstreaming intangible heritage Nation building programs Leadership through intellectual expertise Continued support from the Department of Arts and Culture and Government Transformation of the sector Public awareness Ensure strong corporate image/identity Coordination of heritage management
Stakeholder Perspective	<ul style="list-style-type: none"> Facilitation and development of Memoranda of Understanding (MOUs) with NHC stakeholders Recognition for leadership through technical expertise. Reputation for reliability in service delivery. Leadership in transformation of the heritage sector. Effective coordination of the Heritage Sector. Intergovernmental co-operation
Processes and Systems Perspective	<ul style="list-style-type: none"> Increase NHC's capacity for Planning, Monitoring and Evaluation Development and sustenance of world class internal organisational processes and systems Enhanced governance, risk and financial management Reliable information management systems Adherence to supply chain management protocol
Learning and Growth Perspective	<ul style="list-style-type: none"> Enhance research and information capacity Effective internal communication Building a caring and compassionate NHC Ongoing capacity building of NHC staff

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Customer Perspective

The primary goal perspective is addressing the strategic priorities that focuses on the core business of the NHC and are listed below:

- a) To provide the Minister of Arts and Culture with sound policy advice on all national heritage matters;
- b) Equitable redress and inclusivity;
- c) Enhance the role of Ubuntu in nation building;
- d) Improve co-ordination and management of the sector;
- e) Positioning the heritage sector as a significant contributor to socio-economic development;
- f) Improve resources mobilisation efforts of the NHC;
- g) Public awareness, education and stakeholder relations.



PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Table I - Customer Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Provide the Minister with policy advice	Provide <i>ad hoc</i> ministerial advice as required	a) INPUTS as and when requested	2010/11 - 2011/13 (from Q1 onwards)	NHC participated and made contributions at the Department of Arts and Culture (DAC) Digitisation Policy workshop held on 03 February 2011. NHC submitted to the DAC concept documents on Intergenerational Dialogue; Liberation Heritage Route and Ubuntu Conference on the Revival of the Values for a Caring and Just Society held on 31 August 2010. To enhance its policy advisory mandate, two NHC officials were nominated and appointed to serve on the DAC Museum Policy Panel as well as South African Geographical Names Council in the last quarter of the year under review.
Develop Policy frameworks Participate in public policy discourse	Policy on Mainstreaming Heritage in Development (H&D)	a) Draft policy framework document completed	2010/11 (Q2)	Partially achieved and completion thereof deferred to the 2011/12 financial year. Draft policy frameworks into position papers to align with NHC mandate were made to inform the draft Position Paper on Mainstreaming Heritage in Development.
		b) Stakeholder workshop, report, revised draft policy on mainstreaming heritage conservation into development.	2010/11 (Q3)	Stakeholder workshop held and report compiled in the first quarter.
		c) Focus group conducted and draft policy completed on mainstreaming heritage conservation into development.	2010/11 (Q4)	Presentation of policy position paper made to internal focus group in December 2010. Revised position paper circulated to targeted stakeholders in February 2011 for comment. Circulation was done through e-mail correspondence to a database as well as newspaper articles in national and regional newspapers. Several comments/inputs were collated and used for analysis and revision of the paper. Completion of policy position paper will be in the 2011/12 financial year.
		d) Final draft policy completed and approved internally.	2011/12 (Q1)	On schedule for implementation in the first quarter of the 2011/12 financial year.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Policy on Ethics	a) Draft policy framework document completed	2011/12 (Q1)	Completion thereof deferred to the 2011/12 financial year. A draft Policy on Ethics has been revised as a policy position paper in accordance with the review process that took place in the third (3 rd) quarter.
		b) Focus group meeting, report, revised draft policy	2011/12 (Q2)	A Summary of discussion document presented to internal focus group in December 2010.
		c) Workshop conducted and draft policy completed	2011/12 (Q3)	Presentation of policy position paper on Ethics was made to an internal focus group in December 2010. Revised position paper circulated in February 2011 for comments. Circulation was done through e-mail correspondence to a database as well as newspaper articles in national and regional newspapers. Several comments/inputs have been received and filed for analysis and revision of the paper.
		d) Final draft policy completed and approved internally	2011/12 (Q4)	On schedule for implementation in the fourth quarter of the 2011/12 financial year.
	Policy on Access to heritage	a) Draft policy framework document completed	2010/11 (Q4)	Completion thereof deferred to the 2011/12 financial year. A draft Policy on Ethics was revised to formulate a policy position paper in accordance with the NHC mandate in the third (3 rd) quarter.
		b) Focus group meeting, report, revised draft policy	2011/12 (Q1)	A Summary of discussion document presented to an internal focus group in December 2010.
		c) Workshop conducted and draft policy completed	2011/12 (Q2)	Presentation of policy position paper made to internal focus group in December 2010. The revised position paper on repatriation of heritage was circulated to the identified stakeholders in February 2011 for comments. Circulation was done through e-mail correspondence to a database as well as newspaper articles in national and regional newspapers. Comments/inputs were used for analysis and revision of the position paper. Completion of policy position paper will be in the 2011/12 financial year.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		d) Final draft policy completed and approved internally	2011/12 (Q3)	On schedule for implementation in the third quarter of the 2011/12 financial year.
	Policy on repatriation of heritage	Final draft policy completed and approved internally	2010/11 (Q3)	Completion is deferred to the 2011/12 financial year. Following the review to adapt the draft policy frameworks into position papers to align with NHC mandate, a draft Policy on Repatriation of heritage was revised as a policy position paper.
	Percentage Improvement in participation on public discourse on heritage.	a) Formal participation metrics/ baseline developed per category (conferences, workshops, discussion forums, formal policy inputs)	2010/11 (Q1)	A broad stakeholder matrix and database of stakeholders was produced and mainly used in the Liberation Heritage Route (LHR) Provincial Summits, (Ubuntu) Conference on the Values of a Caring and Just Society, Funding Indaba, Intergenerational Dialogues and other NHC driven workshops.
		b) 20% improvement per year per category	2010/11 (Q4)	Noting the absence of a set baseline, the NHC participated in and contributed to the following: <ul style="list-style-type: none"> - Department of Tourism workshop to develop a heritage tourism strategy, 16-17 November 2010. - Presentations were made in the Three Nations Forum on museums and social transformation at Internal Council of Museums Conference, China, November 2010. To that end, the invitation, report, presentation was developed, submitted to the NHC and properly archived. - The NHC also attended the following conferences, workshops, seminars which include amongst others; <ul style="list-style-type: none"> ● Mapungubwe Vele Coal mining discussions. ● Biodiversity Tswaing Crater Workshop ● CRL Commission Workshop with identified relevant departments and heritage institutions.
		c) 50 % more events than previous year	2010/11 (Q2 & Q4)	The determination of an assessment of the 2010/11 financial year to determine if 50% more events were attended compared to last year was deferred to the 2011/12 financial year.
		d) 20% improvement per year per category	2010/11 (Q4)	The determination hereof was deferred to the 2011/12 financial year and would be informed by the 2010/11 Annual Report.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Finalisation of the Transformation Charter process	Successful handover of Heritage Transformation Charter	a) Handover executed successfully	2010/11 (Q2)	Handover of the Charter was delayed to the availability of the Ministry of Arts and Culture for a reception ceremony. It was deferred to the 2011/12 financial year.
Develop and implement project plans on Ubuntu initiatives	Revitalised project concept for UBUNTU programmes	a) Revitalised Annual project plan developed and approved	2010/11 (Q1)	The following milestones were reached: An Annual Project plan was developed, approved and implemented. The NHC hosted an Intergenerational Dialogue in Commemoration of Dr Nelson Mandela in the context of Mandela Day in the Spirit of Ubuntu on 16 July 2010 at Freedom Park in collaboration with the Department of Arts and Culture. A National Conference on Ubuntu (Values of a Just & Caring Society: Ubuntu in Nation Building) was successfully implemented on 31 st August 2010.
		b) QUARTERLY Stakeholder engagement report completed including details of the support and partnerships obtained - MOUs in place	2010/11 – 2012/13 (From Q2 onwards)	Achieved: The NHC has engaged key stakeholders in the culture, heritage, religion and traditional leadership sector towards hosting the National Conference on Ubuntu (Values of a Just & Caring Society: Ubuntu in Nation Building). Further, strategic partnerships were formalised through Memoranda of Agreement with, amongst others, the following: Modjadji Royal Council; iARi on Indigenous Knowledge System (IKS); South African Traditional Music Achievement Awards (SATMA); Department of Cooperative Governance and Traditional Affairs (COGTA) on the 500 Years of Khoi-San Heritage Celebrations.
		c) Monitoring and evaluation report completed and submitted	2010/11 – 2012/13 (From Q2 onwards)	Final Ubuntu 2010 report completed and archived.
Develop and implement second phase of the Unsung Heroes and Heroines	Report and audio visual material	a) Research SLA/contract in place	2010/11 (Q1)	A Service Level Agreement (SLA) was signed incorporating the Unsung Heroes and Heroines as well as the Liberation Heritage Route (LHR) Research Projects, and implemented.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) Submission of report completed and submitted	2010/11 (Q1)	A draft report was submitted during May 2010 and internal reviews conducted during the current year under review for further enhancement of the research work.
		c) QUARTERLY Progress reports on research conducted	2010/11 (Q1)	Reports were compiled and filed.
		d) Report and write up.	2010/11 (Q3)	Owing to the ongoing development of the revised report on the research project on the unsung Heroes and Heroines, the final publication was deferred to the 2011/12 financial year.
	Book	e) Progress reports completed and submitted	2010/11 (Q1)	Periodic progress reports have been completed
		f) Draft reports	2010/11 (Q2,3 & 4)	Progress report for Q2 received in October 2010 and archived.
		g) Book published	2010/11 (Q4)	Owing to the ongoing work on the finalisation of the contributory chapters to the book, the publication was deferred to the 2011/12 financial year.
	Implement second phase of the Early African intellectuals Implement the Sol Plaatjies project	Publication	a) Progress reports completed and submitted	2010/11 (Q1)
b) Draft reports			2010/11 (Q2, 3 & 4)	The progress report for Q2-Q4 received and archived.
c) Book published			2010/11 (Q4)	Owing to the ongoing work in finalizing the manuscript, completion thereof was deferred to the second quarter of the 2011/12 financial.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Develop and implement heritage, education and outreach programmes		a) Identify and engage key strategic partnerships	2010/11 (Q1)	The following strategic partners were identified and engaged in preparation for the youth camp which was held in September 2010: Department of Basic Education, SANParks, June 16 Youth Foundation, Tikane Heritage Projects.
		b) MOUs, MOAs developed with strategic partners	2010/11 – 2012/13 (from Q2 onwards)	Strategic partnerships were formalised with the Moral Regeneration Movement (MRM) and South African National Parks (SANParks) through Memoranda of Understanding/Agreement (MoUs/MoAs).
		c) Agreed plans, minutes and reports of meetings	2010/11 – 2012/13 (from Q2 onwards)	Pre-camp meetings were conducted with all stakeholders and post-camp assessment meeting also held in December 2010.
		d) Programme completed and documented (final report, photographic, audio-visual)	2010/11 (Q3)	The camp was held on the 23 rd -27 th September 2010 at Golden Gates in the Free State Province. An audio visual documentary was produced to serve as a learning aid in next year's outreach programme.
Raise public awareness of heritage (Ref 9.2 on the Strategic Plan)		a) Stakeholder matrix developed	2010/11 (Q1)	Media stakeholder database developed.
		b) Base line established	2010/11 (Q1)	The determination of a baseline exercise commenced in the last quarter of the year under review. Accordingly, the process towards the establishment of database from the existing stakeholder database by organising it according to communication needs has been deferred to the 2011/12 financial year.
		20% percent increase per category per year	2010/11 (Q2) 2011/12 (Q2) 2012/13 (Q2)	Increases can be determined once base lines shall have been set in the next 2011/12 financial year.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Intensify the national roll-out of National Liberation Heritage Route (NLHR)	National Liberation Heritage Route	a) Resolution of support from all 9 provincial and national cabinets	2010/11 - Q4	<p><u>Mpumalanga:</u> Build-up meetings towards the Provincial Summit were held with the National Department of Arts and Culture, Provincial Department of Sports, Arts and Culture, and other stakeholders. The Mpumalanga Provincial Summit was held on the 19th-20th July 2010.</p> <p><u>Free-State:</u> Done – A series of build-up meetings were held with National Department of Arts and Culture, the Provincial Government and other stakeholders. The Free-State Provincial Consultative Summit was held on the 23rd -24th November 2010.</p> <p><u>Northern Cape:</u> Build-up meetings towards the Provincial Summit were held with the National Department of Arts and Culture, Provincial Department of Sports, Arts and Culture, and other stakeholders. The Northern Cape Provincial Summit was held on the 25th-26 November 2010.</p> <p><u>Gauteng:</u> Build-up meetings towards the Provincial Summit were held with the National Department of Arts and Culture, the Provincial Department of Sports, Arts and Culture, as well as other stakeholders. The Gauteng Provincial Summit was held on the 31 March 2011 – 01 April 2011.</p> <p><u>North-West:</u> Build-up meetings towards the Provincial Summit were held with the National Department of Arts and Culture, Provincial Department of Sports, Arts and Culture and other stakeholders. The North-West Provincial Summit was held on the 05-06 April 2011.</p> <p><u>Limpopo:</u> Preparations towards hosting the Provincial Summit were concluded before year end and the Summit was scheduled to take place on the 19th-20th April 2011. Build-up meetings towards the Provincial Summit were held with the National Department of Arts and Culture, Provincial Department of Sports, Arts and Culture and other stakeholders.</p> <p><u>KwaZulu-Natal:</u> Preparations towards hosting the Provincial Summit were concluded before year end and the summit was scheduled to take place on 04-05 May 2011. Meetings towards the Provincial Summit were held with the National Department of Arts and Culture, Premier's Office and the Provincial Department of Sports, Arts and Culture and other stakeholders.</p>

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) Completed Route map for premium sites submitted to Cabinet and UNESCO and WHC (details on timelines to follow)	2010/11 - Q4	The development of the plan was deferred to the 2011/12 financial year.
		c) Local and provincial sites on the route map	2011/12 - Q4	In progress for implementation in the 2011/12 financial year as initially planned.
		d) All identified sites graded	2012/13 – Q4	In progress for implementation in the 2011/12 financial year as initially planned.
		e) Nomination dossier produced and submitted to WHC	2012/13 – Q4	<u>Developed Nomination Business Plan (Draft Integrated Plan produced):</u> Following an intensive orientation programme on the LHR Project a draft Business Plan was developed in July 2010. The draft business plan was presented to the Liberation Heritage Unit and two Council meetings, including the Heritage Committee of the Council, and submitted to DAC as part of the Cabinet Memo to solicit Cabinet support of the LHR. Management developed during March 2011 an integrated draft Business plan to synergise national mainstreaming and nomination process. The Plan awaits validation by the multi-agency framework partners which shall be prioritized in the next financial year.
				<u>Hosted Liberation Heritage Route Provincial Summits and Presentations made on the Nomination Process:</u> The NHC Team which hosted the Liberation Heritage Route Provincial Summits in the Free State, Northern Cape, Limpopo, Mpumalanga and Gauteng Provinces presented on the World Heritage Nomination Process and facilitated commissions on same.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
				<p><u>Established National, Regional and International Partnerships:</u> The NHC was represented in the 2nd Cycle Sub Regional Periodic Meeting held in Namibia in September 2010 on invitation by UNESCO and Advisory Bodies and made a presentation on the Outstanding Universal Concept and the management requirements of any World Heritage property. LHR was discussed with World Heritage Centre, ICOMOS, IUCN, ICOMOS and representatives of SADC. A detailed report was compiled.</p> <p>NHC also sent representatives to attend the AWHF nomination training programme held in Namibia in November 2010 and the Liberation Heritage Route was for the very first time presented to other African countries. A report with detailed recommendations was compiled.</p> <p>Upon invitation by UNESCO the NHC also had representation in two UNESCO meetings: the UNESCO Meeting (Dares Salaam) held on 06-11 February 2011, and the Final 2nd Cycle Periodic Meeting (Vrededorf Dome) on 14-17 February 2011. The Nomination project was discussed at both meetings and reports with recommendations produced and would be considered. Management noted as a challenge that NHC could not attend the UNESCO-WHC Bureau meeting in Brazil during 2010 as approval was not granted by the Council. However, a strategic intervention in support of the LHR is required by attending subsequent meetings as part of maintaining relations with UNESCO and Advisory Bodies.</p>

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
				<p>From a fundraising perspective, the organized and held a meeting with the African World Heritage Fund to discuss a partnership on the nomination of LHR on the 30th of September 2010. Following a series of meetings, NHC submitted an application form (endorsed by the CEO), draft MoU, an invitation letter for sub-regional countries and the tentative list of RSA. The NHC proposal was approved by the AWHF Board and preparations are underway to host a sub-regional workshop on LHR with the implementation scheduled for the Q2 of 2011/12. The NHC Representative also attended an international workshop hosted by the Trust for African Rock Art (TARA), the Government of Morocco and UNESCO in Morocco and presented a paper on conservation issues relating to one of the typologies already recognised by UNESCO.</p>
				<p>In terms of raising awareness on the LHR locally, the NHC engaged municipalities in KwaZulu-Natal [the Ilembe and Ugu District Municipalities in July and August 2010]; Gauteng Province [Sedibeng District Municipality in August 2010]; Eastern Cape [Buffalo City Municipality and Chris Hani District Municipality in August 2010]; East London (February 2011), Port Elizabeth (February 2011) and its presentation focused on the World Heritage Nomination Process and the LHR project at large.</p>
				<p>The Steve Biko Foundation was engaged as one of the critical Legacy Projects of the Department of Arts and Culture and a report was compiled, with an MoU between the Foundation and NHC being pursued.</p> <p>Presentations were made to various audience; the World Memory Conference hosted by the National Archives of South Africa [February 2010], TIC meeting held in East London [10 March 2011], and the Arts and Culture MINMEC meeting (27 March 2011) and learners during the Heritage Education Outreach Programme</p> <p>The NHC had had an engagement through a formal meeting with the Department of Arts and Culture and the representatives of the President's Office (Republic of Tanzania) held on the 27th of February 2011. A brief report was compiled and filed.</p>

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
				<p><u>Reviewed and amended list on the Tentative Document and re-submission to UNESCO:</u> The review was deferred to the 2011/12 financial year. Nonetheless, the tentative list has been discussed and endorsed during the Provincial Summits identification and verification of the relevance of sites included on the list for each province is on course as well as the appointment of provincial teams and familiarization tours to the sites. Commissioned research will be finalized in the next financial year.</p> <p><u>Familiarization tours:</u> preparatory work to visit and assess possible sites for the LHR was completed. In the interim NHC has visited the Samora Machel site (Mpumalanga) and a few selected sites in Port Elizabeth Municipality.</p> <p><u>Established National Operation Structure in place:</u> A proposal for national and provincial nomination technical teams to be appointed has been finalised. This also included terms of reference for each technical team, as well as those for a reference group.</p> <p><u>Built capacity on the nomination processes:</u> Two employees were trained by the CHDA-(Centre for Heritage Development Studies in Africa), the African World Heritage, and World Heritage Centre-Africa. The NHC was also introduced to RISK MANAGEMENT as an integral management tool for World Heritage Sites during the Final Meeting of the 2nd Cycle Periodic Reporting (14-17 February 2011) Vredefort Dome, South Africa.</p>
		f) Route Management Structure Established and Functional	2011/12 – Q2	To be pursued in the 2011/12 financial year as initially planned.
		g) Marketing and Communication material developed and distributed – pamphlets, DVDs, etc.	2010/11 - Q4	Done for all the Liberation Heritage Route Provincial Summits hosted in collaboration with the Mpumalanga, Free State, Northern Cape, Gauteng, North West, Limpopo and KwaZulu-Natal Provinces.
		h) Economic development Plan produced	2010/11 - Q4	Approval granted to defer the development of the Plan to the 2011/12 financial year.

PERFORMANCE INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		i) Plan for extending into SADC	2010/11 - Q4	The NHC organized a meeting with the African World Heritage Fund to discuss a partnership on the nomination of LHR on the 30 th of September 2010. The NHC proposal for SADC's Participation was approved by the AWHF Board and preparations are underway to host a sib regional workshop on LHR with the implementation scheduled for the Q2 of 2011/12.
		j) One MOU in place per Province	2010/11 - Q4	Approval was granted by the Interim Accounting Authority to defer the development of the Plan to the 2011/12 financial year.
		k) Monitoring and evaluation report submitted	2010/11 – 2012/13 – Q4	Progress reports on the Liberation Heritage Route initiatives were compiled.
Developed Strategy on Positioning heritage for socio-economic development	Developed Strategy on Positioning heritage for socioeconomic development	Business Case Developed	2011/12 – Q1	Business Case was developed and finalised in the first quarter of 2010/11 financial year.
		Recommendations implemented	2011/12 – Q2 to Q4 of 2012/13	On course for implementation in the next financial year.

Internal Business Process Perspective

The stakeholder service perspective addresses two of the strategic priorities that largely focus on the core business of the NHC and are listed below

- a) Improve co-ordination and management of the sector;
- b) Public awareness, education and stakeholder relations

Table 2 – Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Design strategy to engage strategic multi-sectoral constituencies e.g. Universities, Research Institutes etc		a) Stakeholder database developed	2010/11 (Q3)	A comprehensive database was developed.
		b) Terms of engagement completed	2010/11(Q4)	Deferred to the 2011/12 financial year.
		c) Engagement plan completed and approved	2010/11(Q4)	Deferred to the 2011/12 financial year.
		d) Implementation progress reports submitted	2011/12 (Q1 & Q3)	Deferred to the 2011/12 financial year.
		e) ANNUAL monitoring and evaluation reports submitted	2011/12 (Q4)	Deferred to the 2011/12 financial year.
Setup an internal research management function		a) Research Quality Assurance team established with mandate and plan of action	2010/11 (Q2)	The Policy Research Specialist has been assigned the function.
		b) TORs finalized and approved	2010/11 (Q2)	A proposal to increase research capacity was developed and will inform the Terms of Reference.
Increase research development capacity		a) Outcomes of engagement documented and recommendations on the way forward submitted BIANNUALLY	2010/11 – 2012/13 (from Q1 onwards)	Deferred to coincide with the increase of research capacity.
		b) BIANNUAL report produced	2010/11 (Q1 & Q3)	Deferred to coincide with the increase of research capacity.

Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Develop and implement an effective marketing and communication strategy		a) Corporate integrated communication strategy developed (stipulating activities; no of supported activities	2010/11 – 2012/13 (from Q1 onwards)	An Integrated Marketing and Communication Strategy was developed. A comprehensive publicity and/or events calendar was produced in consultation with other business units.
Develop and implement integrated communications		a) Well designed intranet established and maintained	2010/11 (Q1)	A password controlled intranet was developed and set-up.
		b) Monthly audit and reviews	2010/11 – 2012/13 (from Q2 onwards)	Monthly audits of the intranet will commence once the intranet is in full function.
		c) Communications policy document produced and approved	2010/11 (Q3)	A draft communication policy was completed.
		d) Monthly circulation of communication to stakeholders through newsletters and mobile messaging	2010/11 – 2012/13 (from Q3 onwards)	Deferred to the 2011/12 financial year. The process of contracting the selected service provider is underway.
Develop and implement an effective public relations programme		a) Produced PR strategies for Each priority programme and record of media coverage	2010/11 – 2012/13 (from Q1 onwards)	The following milestones were reached: Publicity for the Liberation Heritage Route Summits in the Free State, Northern Cape, Gauteng, Limpopo, North West, Mpumalanga and KwaZulu-Natal Provinces were completed successfully with media reports on broadcast and print media. Coordinated the publicity of the Heritage Education Outreach project in the Free State Province and the media coverage reached headlines on broadcast (radio) media. Supported the SATMA and Ubuntu events with strategic advice on branding and coordinating the hosting of the NHC guests at the main event. Coordinated radio and television interviews on national and local media for most of the NHC projects and programmes

Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) Monthly monitoring assessment report produced and circulated re daily coverage	2010/11 – 2012/13 (from Q1 onwards)	Daily media coverage monitored and shared with staff.
		c) Monthly maintenance reports produced	2010/11 – 2012/13 (from Q1 onwards)	Website is updated regularly – monthly.
Entrench strategic and programme management implementation, monitoring and evaluation capability	Strategy implemented and monitored periodically	a) Capacity established in CEO's Office – Strategy War Room established	2010/11 (Q1)	The Strategy War Room has been established and centralized within the Office of the CEO with the General Manager seized with implementation of, and reporting on the Strategy as delegated.
		b) Quarterly progress implementation report	2010/11 – 2012/13 (from Q2)	The first, second and third quarterly reports preceding the final cumulative one for the year under review were submitted to the DAC on time at the end of each of the reporting months of July 2010, October 2010 and January 2011 respectively.
Refine current performance management system		a) Refined performance management system	2010/11 (Q1)	The review of the Performance Management System commenced and will be finalized in the first quarter of the 2011/12 financial year with approval granted by the Interim Accounting Authority.
		b) Performance scorecards for all employees	2010/11 – 2012/13 (from Q2)	Work continued during the third quarter and scorecards finalized.

Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Increase capacity for effective and efficient operational management	Increased capacity in operations	a) Talent retention strategy in place	2010/11 (Q1)	Retention Strategy as articulated in the Policy on the management of talent is being implemented. Except for two resignations in April 2010 and February 2011 talent in core functions of the organisation was retained. The first employee who resigned in April 2010 was replaced in August 2010 to stabilize capacity and the one in February 2011's replacement was appointed in March 2011 and would assume duty from the beginning of May 2011. Workplace Skills Plan in place as submitted to PSETA. Skills capacity was increase through training and development. Notable courses are Business Management, MDP, Risk Management, Financial Management and Financial Accounting for Non Managers. Quarterly report on training expenditure submitted to PSETA during October 2010.
		b) Execution proceeding – implementation reports submitted according to strategy	2010/11 – 2012/13 (from Q2)	The strategy was finalised in the last quarter.
Develop strategy framework for effective management of capacity (e.g. HR, IT,)	Strategy Frameworks implemented in line with best practice	a) HR Strategy Report in place	2010/11 (Q1)	The annual policies review process was 90% complete as at 31 March 2011.
		b) BIENNIAL Implementation reports submitted according to strategy	2010/11 – 2012/13 (from Q2)	Deferred to the 2011/12 financial year.
		c) IT Strategy Report in place	2010/11 (Q1)	90% complete as at 31 March 2011. Finalization of the strategy was deferred to the next financial year and approval was accordingly granted.
		d) BIENNIAL Implementation reports submitted according to strategy	2010/11 – 2012/13 (from Q2)	Implementation reports on IT Strategy to commence in the new financial year pending finalization of the IT strategy which had been deferred to the next financial year.
		e) New, reviewed, HR and IT policies and procedures implemented	2010/11 (Q2)	Annual policies review process was at 90% as at 31 March 2011.

Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Develop and maintain an appropriate procurement process that is equitable , transparent, competitive and cost effective	Adherence to Supply Chain Management protocol	a) Supply Chain Policy and procedures	2010/11 (Q2)	The SCM policy and procedures have been developed and are being implemented. As at 31 March 2011 the review of SCM policy process was at 80% complete.
		b) Supply Chain Policy implemented - 2 internal workshops held per year	2010/11 – 2012/13 (from Q2 onwards)	SCM training workshops were planned with PALAMA and the implementation thereof was deferred to the next financial year.

Internal Business Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Review funding policy to include fundraising element	Updated funding policy to guide funding to qualifying heritage projects and programmes (helps in creating access to the heritage funding)	Funding and resource mobilization strategy established	2010/11 (Q1)	The Council dissolution by the former Minister of Arts & Culture took place on 5/10/2010 delayed the process of Funding Policy approval. The ratification will be done once the new Council is appointed. A Resource Mobilization Strategy was developed.
		b) Financial resource baseline developed and phased in	2010/11 (Q1, Q2 & Q3)	Deferred to the 2011/12 financial year.
		c) New format proposals submitted	2010/11 – 2013 (from Q1 onwards)	A new format of a funding proposal was developed and is in use.
		d) Funding bodies profiled and added to database	2010/11 – 2013 (from Q1 onwards)	The donor conference attended in Cape Town assisted in the identification of possible funders for NHC's strategic programmes.
		e) TOR revised and approved	2010/11 (Q1)	Deferred to the next financial year.
		f) Stakeholder consultation reports endorsed	2010/11 (Q1)	Endorsements of the reports were done in the last quarter.
		g) Reviewed policy published	2010/11 (Q2)	The policy was reviewed and full implementation will be in the 2010/11 financial year.
Develop and implement revenue generation strategy	Revenue generation model	a) Environmental scan completed and report submitted	2010/11 (Q1)	Completed in the last quarter.
		b) Funding/revenue generation model developed and approved	2010/11 (Q1)	Deferred to 2011/12 financial year.

Financial Perspective

The systems and processes perspective addresses the strategic priority that focuses mainly on the support business of the NHC and is:

- a) Institutional development of the National Heritage Council and heritage organisations

Table 2 - Systems and Process Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		C) Internal workshop held to engage with and endorse funding/revenue generation model workshopped	2010/11 (Q1)	Management orientated on the proposed model.
		d) Funding/revenue generation model implemented according to schedule contained in the model	2010/11 – 2013 (from Q1)	Implementation was deferred to the 2011/12 financial year.
		e) QUARTERLY monitoring and evaluation reports generated according to schedule outlined in M&E methodology	2010/11 – 2013	Ongoing and on schedule: Quarterly reports generated and considered during the year under review.
Manage funding disbursement (Ref 2.3 on the Strategic Plan)	Efficiently Managed disbursements	a) Advocacy program developed and approved	2010/11 (Q2)	Provincial workshops conducted for all funded projects during the third quarter.
		b) QUARTERLY implementation reports submitted	2010/11 – 2013 (From Q3 of Year one)	Done and reports produced.
		c) Disbursement business processes developed and approved	2010/11 (Q2)	97% of currently approved projects are in their implementation stages and received funds
		d) Monitoring and evaluation reports submitted	2010/11 – 2013 (From Q3 of Year One)	A report was generated and considered during the third quarter of the year under review.
Ensure sound financial management and internal controls	Maintained effective systems of financial and internal control	a) Financial Strategy Report in place	2010/11 (Q1)	The activity was reviewed to form part of the organizational structure adjustment.

Financial Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		b) BIENNIAL Implementation reports submitted according to strategy	2010/11 – 2012/13 (from Q2)	The implementation was deferred to the 2011/12 financial.
		c) QUARTERLY financial reports and management accounts	2010/11 – 2012/13 (from Q2)	All Quarter Financial Reports (1 st , 2 nd , 3 rd , and 4 th) done and submitted to DAC in the prescribed format together with the report herein. Month by month management accounts done for the entire financial year up to March 2011.
		d) New, reviewed, Finance policies and procedures implemented	2010/11 (Q2)	Review and development of financial policies and procedures is in progress and 80% complete.
		e) Training plan and materials developed	2010/11 (Q2)	The development of Training material (Financial Policies and Procedures) currently is on course and completion has been rescheduled for the following financial year.
		f) Financial training plan implemented - 2 internal workshops held per year	2010/11-2012/13 (from Q3)	As at 31 March 2011 the annual policies review process and development of policies and procedure training manuals was in progress.
Enhance compliance with PFMA and corporate governance imperatives	Compliance with PFMA and corporate governance imperatives	a) Plan developed and approved by Audit Committee	2010/11 (Q2)	Achieved: Revised Risk Management Strategy and Fraud Prevention Plan developed and tabled before the Audit Committee during its meeting held on the 5 th of March 2011. The revised document was accepted pending inputs by committee members.
		b) QUARTERLY reports on risk management	2010/11 – 2012/13 (from Q2 onwards)	1 st quarterly report on Risk Management was done and tabled before the Audit Committee.
		c) PFMA compliance monitoring tools	2010/11 (Q2)	Quarterly report on PFMA compliance for 1 st , 2 nd , 3 rd , and 4 th quarters done and submitted to DAC as required.
		d) Legislative compliance matrix	2010/11 (Q2)	Was developed and completed.

Financial Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		e) Council and Committee meetings schedule	2010/11 (Q2)	Meetings were facilitated. Council business: i) The establishment of Committees of Council was coordinated. ii) The approval of corporate governance documents was facilitated through Council processes and meetings. iii) All official Council meetings were coordinated, hosted and recorded. Legal support: Support was provided to all internal business units. Contractual agreements (15) were developed.
		f) Organisational-wide Delegations of Authority	2010/11 (Q2)	Draft financial delegations of authority were developed.

Learning and Growth Perspective

The learning and growth perspective addresses the strategic priority that focus on the support function of the NHC:

- a) Institutional development of the National Heritage Council and heritage organisations

Table 3 - Learning and Growth Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Capacitate Resource Centre		a) Functional Resources Centre established	2010/11 (Q4)	Functional Resource centre with a wide collection of books was established. Cataloguing of books done and all data captured in the library management system-Mindex. The Resource Centre is also part of the Inter Library Loan system.
		b) Revised procedures and policies in place - report	2010/11 (Q1)	The Resource Centre Policy which is aligned to the Asset Policy was revised for implementation.
Enhance Inter Governmental Relations engagement		a) Terms of Reference developed and approved	2010/11 (Q2)	Deferred to next financial year.
		b) Baseline established	2010/11 (Q2)	Deferred subject to the finalization of the intergovernmental relations framework which is dependent on the consultation with the incoming council.
		c) MOUs and MOAs signed according to terms of reference	2010/11 – 2012/13 From Q3 on wards	Deferred subject to the finalization of the intergovernmental relations framework which is dependent on the consultation with the incoming council.
		d) Number of joint programmes/ initiatives increased by 10% per year per category	2010/11 (Q4) 2011/12 (Q4) 2012/13 (Q4)	Deferred subject to the finalization of the intergovernmental relations framework which is dependent on the consultation with the incoming council.

Learning and Growth Perspective

Strategic Objective	Strategic Outcome	Service delivery indicator	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Maintain and enhance existing strategic partnerships		a) Broadcast and print media partnership review plan produced	2010/13 (Q1 of each year)	Planned media visits were scaled down to the maintenance of the current relations with media houses.
		b) Baseline document	2010/11 (Q1)	An analysis of stakeholder relations was done and included as part of the overall Brand Audit.
		c) 30% increase per year in terms of MOU's/SLA's	2010/13 (Q4)	Partnerships entered into with two magazines whose research content is shared with the NHC.
		d) Terms of engagement with strategic partners finalised and formalized	2012/13 (Q4)	
		e) Annual MOU evaluation reports and adjustment plans	2010/11 (Q4)	Evaluation done.

HERITAGE PROGRAMMES

Ubuntu

The National Heritage Council (NHC), in partnership with the departments of Basic Education, Social Development and, Arts and Culture, hosted a conference on 'Reclaiming and Living Out the Values of a Just and Caring Society' at Gallagher Estate Conference Centre on the 31st of August 2010.

This national conference was an integral aspect of the NHC's programme on Ubuntu in Nation Building, which derives from the legislative mandate of promoting and safeguarding Living Heritage. This successful initiative was also spurred by the Presidential call for a National Dialogue on Social Values and Morals in society.

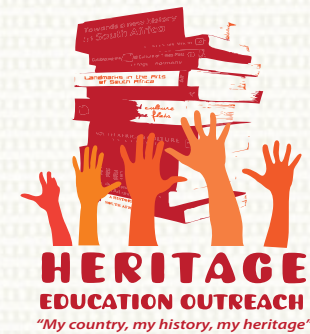
The conference interrogated the central question of the decay of morals and values in society, and the urgent need for intervention through practical measures to revive and reclaim the values of Ubuntu for a better society. Notwithstanding the tireless efforts by the democratic government to reconcile, unify, inculcate patriotism

and a sense of nation-building amongst the diverse and often fragmented communities, it was found that there is still unpleasant evidence of social ills that continue to plague our society. These include the deep-seated hatred, xenophobia, corruption, greed, racism and violence which tend to erode the morals and values in our society.

The conference also provided an opportunity for information exchange and sharing of the practical experiences amongst stakeholders for promoting and safeguarding the values of Ubuntu for moral regeneration towards nation building. It also served as a forum to make concrete resolutions and proposals around a set of key objectives to inculcate Values for a Caring Society, with particular focus on Social Cohesion, Inclusiveness and Collectivism, National Identity and Creation of a Value Oriented Society for a Caring Nation.



Adv. Mancotywa speaking to the media in Bloemfontein outside a church in Waaihoek where the first Liberation movement; African National Congress was formed.



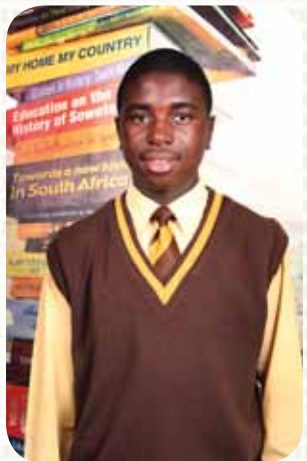
Every year, five Grade 10 learners who represents a school in each province gets a once in a lifetime opportunity to participate in the Heritage Education Outreach of the National Heritage Council. The participants enjoy a weeklong camp where they are taught about the country's heritage. Participants from previous year have described the programme as "eye opening" because it exposes them to their identity and self-consciousness as South Africans.



The Heritage Education Outreach has become one of the projects of National Heritage Council that changes lives of the young participants. It has equipped many with the sense of purpose and appreciation of the cultural diversity. Its nation building effect remains with the participants for the rest of their lives.

LEARNERS FROM VARIOUS SCHOOLS REPRESENTING DIFFERENT PROVINCES, ATTENDED THE HERITAGE OUTREACH EDUCATION OUTREACH THAT WAS HELD IN THE FREE STATE





Heritage Outreach Programme



*Prize giving ceremony: Trompsburg
Secondary School of the Free State*



*Thembeka Secondary School:
Mpumalanga Province*



*Ivory Park Secondary School:
Gauteng Province*

The National Heritage Council in partnership with both the South African National Parks (SANParks) and the Department of Basic Education celebrate heritage month with fifty learners selected from schools around the country. The culmination of these activities was a heritage camp at the Golden Gate Highlands National Park, in the Free State province, from the 23rd-27th of September 2010.

At this camp, cultural values such as Ubuntu which cuts across race, religion, gender and social class were taught. Learners had

an opportunity to showcase their talent in cultural music and dances, as well as debating about the importance of traditional ways of preserving our environment and its heritage resources.

Responding to the National Heritage Council's flagship project-Liberation Heritage Route, through this programme, learners were requested to participate in the collection of data through the identification of sites, events and individuals that played a role in the liberation of this country.

The programme's activities assist learners to improve their research and presentation skills. And also promote tolerance on each other's cultural background. The schools whose learners performed better received book hampers for their libraries.

South African Traditional Music Achievement Awards (SATMA)

The SATMA is part of the NHC's Heritage in Nation Building's strategic priority in which the revival of societal values through the protection and promotion of traditional music is a focus. This is possible through the hosting of the SATMA Awards. The project had a major contribution to the "Fly the Flag" campaign of South Africa during the year 2010 when the FIFA Soccer World Cup was hosted here.

This event continues to attract an over whelming attendance and support from the diverse generation of traditional music lovers. The SATMA continues also to serve as a platform in which artists representing diverse traditional music genres showcase their talents, and as such the awards serve as a catalyst for the promotion and preservation of this cultural heritage.

Public interest has grown significantly over the years and has brought more stakeholders to support the ideals of the project. (pictures of the CEO with the wife of the President on stage, pic of other recipients and winners)



The first lady, Mmakhumalo, presenting an award at the SATMA 2010 (here pictured with the CEO of the NHC, Adv. Mancotywa).

FUNDING

Advocacy workshops to educate NHC fund beneficiaries on the processes and required reporting mechanisms for their funded projects were held in seven provinces. These provinces are the North West, Limpopo, Western Cape, Eastern Cape, Free State, KZN and Mpumalanga.

A Funding Indaba was hosted in March 2011 to further engage NHC beneficiaries on the impact of funding. The well attended indaba resolved that beneficiaries who are researchers within academic institutions be nominated to further make inputs into the NHC Impact Study Report.

Three projects were given meritorious awards recognising their timeous implementation and quality products. The awards are a means of encouragement and motivation for efficiency. (picture of projects awarded)

In the last quarter of the financial year, a public call was made inviting heritage organisations and practitioners to submit applications for funding with implementation targeted for the ensuing year. Applications were invited in the following categories: Youth, Education and Heritage; Liberation Heritage; and Heritage Research.



Projects that were rewarded and recognised for their excellence in implementing their NHC funded programmes. From left to right: Valmont Layne (Klein Karoo National Arts Festival), Adv Mancotywa, Helen Smuts (African meets Africa) and Prof B. Mbenga (University of North West)

Human Resources

Policies and procedures

The NHC prides itself with internal policies and procedures that comply with legislative imperatives and fair employment practices. There is participatory management within the organisation as the existing Employee's Forum provides valuable input to Senior Management for running the affairs of the organisation. Notable areas of good governance are in: Performance Management; HR and Payroll; Business Culture; Employee Wellness; Health and Safety Initiatives.

Training and Development.

The NHC has been able to prepare and implement its Workplace Skills Plan for the year under review. Across the organisation training has been undertaken in the following notable areas, among others Business Management and Administration, Public Relations and Enterprise Risk Management , Donor Guidelines, Financial Management for non Finance Managers, and Management Development Programme.

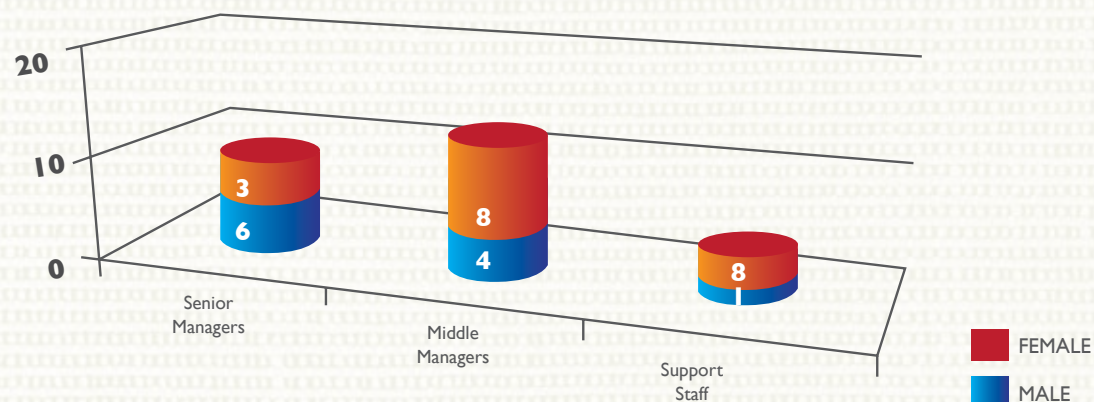
Internships

In following the trends towards skills transfer and creation of employment to recent graduates, the NHC has been able to provide internship opportunities to two graduates.

Employee profile

The NHC has been able to maintain diversity in its profile and will increase the employment of women in the future. Below is the profile of the NHC:

PERSONNEL LEVELS	MALE	FEMALE
Senior Managers	6	3
Middle Managers	4	8
Support Staff	1	2



	SENIOR MANAGER	MIDDLE MANAGERS	SUPPORT STAFF
FEMALE	3	8	2
MALE	6	4	1

World Heritage Inscription



Staff members of the NHC at the annual strategy development and team building session.

World Heritage Inscription

The work on the Liberation Heritage Route is ultimately geared towards having these qualifying iconic sites, the history of people and the events that characterize South Africa's struggle, inscribed and recognized as world heritage. Following the appointment of a World Heritage Specialist on in June 2011, the process of compiling the nomination file (nomination dossier and management plan) had begun. Plans are underway to produce an integrated Liberation Heritage Route Business plan in order to synergize the national mainstreaming and nomination processes, as well as respond to the New Growth Path.

Apart from the ongoing work on the project, the NHC was able to share expert knowledge with all the provincial government partners at the Summits that were held.

The NHC forged relations to bolster strategic partnerships in support of the LHR nomination project at several regional and international meetings of UNESCO and heritage advisory bodies.

Two employees were trained in the technical nomination process of heritage sites. The training was organized by CHDA- (Centre for Heritage Development Studies in Africa), the African World Heritage Fund (AWHF), and the World Heritage Centre-Africa Unit held in Namibia (November 2010). This has added to the capacity of the NHC to deliver the LHR project.



Members of the NHC attending a regional training conducted by the Centre for Heritage Development Studies in Africa - held in Namibia.



Some of the visits includes the site of the plane crash of President Samora Machel of Mocambique (left), and the Wesleyan Church in Bloemfontein (above).

It is critical for the NHC to assess the possible sites that are proposed for the LHR.A programme to visit these sites was therefore started by a visit including the all-important Samora Machel site in Mpumalanga. These familiarization visits to sites wil continue to cover all the provinces.

World Heritage Inscription



The Mapikela House visited by the NHC



Executive Mayor of the City of Ethekwini welcoming delegates at the Kwa-Zulu natal Provincial Liberation Heritage Summit.



Minister of Arts and Culture, Paul Mashatile at the Gauteng Province Liberation Heritage Summit.



MEC for Roads, Transport and Police in the Free State with Adv Mancotywa on the liberation site visits during the Provincial Liberation Summit



MEC for Sports, Arts and Culture in the Limpopo Province take questions from the audience at the Provincial Liberation Heritage Summit in her Province.

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2011

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee Members and Attendance

The National Heritage Council has an audit committee structure which operates in terms of the Council's approved Audit Committee Charter.

The audit committee consists of the members listed hereunder and meets at least two (2) times per annum as per the approved audit committee charter. During the current year six (6) audit committee meetings were held and attended as follows:

Name of Member	Number of meetings attended
1. **Mrs. N Nxasana (Chairperson & Council Member)	3
2. **Mr. R Ledwaba (Council Member)	3
3. **Mrs B Madumise (Council Member)	3
4. **Adv. Mpumlwana (Council Member)	2
5. Mr. L Mbekeni (External Member)	6
6. Mr. ZL Fihlani (External Member)	6
7. *Mr. S Mda (External Members)	3

** No longer a member subsequent to the dissolution of the Council by Minister on 5 October 2010.

* Appointed in February 2011.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51 (1) (a) (ii), 76 (4) (d), and 77 of the PFMA and Treasury Regulation 27.1.8

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of control is designed to provide cost effective assurance that assets are safeguarded and liabilities and working capital are efficiently managed. In line with the PFMA and the King III Report Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and management letter

of the Auditor-General, it was noted that, except for those issues raised in the Audit Report no other matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control was effective for the year under review.

The quality of in year monitoring and quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority of the Council during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor General and Management;
- Reviewed the Auditor-General's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

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

Internal Audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Council in its audit

Auditor General

We have met with the Auditor General, and there are no unresolved issues.



Mr. L Mbekeni
Chairperson of the Audit Committee
Date 31 July 2011

Report of the Auditor - General	44
Statement of Responsibility	47
Statement of Financial Position	48
Statement of Financial Performance	49
Statement of Changes in Net Assets	50
Cash Flow Statement	51
Accounting Policies	52
Notes to the Annual Financial Statements	60
Schedules	83



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NATIONAL HERITAGE COUNCIL REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Heritage Council, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's as set out on pages 48 to 82.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting prescribed by the National Treasury and the requirements of the Public Finance Management Act, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and Section 13 of the National Heritage Act, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Heritage Council as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa.

Emphasis of matter

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

Fruitless and Wasteful and irregular expenditure

9. As disclosed in note 31 to the financial statements, irregular expenditure to the amount of R5 790 000 (2010: R5 321 000) was incurred as a result of inadequate controls to ensure that procurement of services complies with the Public Finance Management Act and Treasury Regulations. In addition, fruitless and wasteful expenditure to the amount of R1 847 000 (2010: 235 000) was incurred.

Accounting authority

10. The National Heritage Council has been without an Accounting Authority since October 2010.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 4 to 29 and material non-compliance with laws and regulations applicable to the entity.

Predetermined objectives

Usefulness of information

11. The reported performance information was deficient in respect of the following criteria:
- Measurability: The indicators are not well defined and targets are not specific and measurable.

The following audit findings relate to the above criteria:

Planned and reported targets are not specific and measurable

12. For the selected objectives 93% of the targets were not:
- Specific in clearly identifying the nature and required level of performance.
 - Measurable in identifying the required performance.

Planned and reported indicators are not well defined

13. For the selected objectives, 85% of planned and reported indicators were not clear. Specific data definitions were not available to allow for the consistent collection of data and information.

Compliance with laws and regulations

Expenditure management

14. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure as per the requirements of section 51(1)(b) of the PFMA.

Performance and annual report

15. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with generally accepted accounting practice as required by section 55(1) ((a) and (b) of the PFMA. Material misstatements identified by the AGSA with regards to irregular expenditure were subsequently corrected.

Procurement and Contract management

16. Sufficient appropriate audit evidence could not be obtained, to provide assurance, that objective criteria were applied where contracts were awarded to bidders not scoring the highest points in the evaluation process as per the requirements of Section 2(1)(f) of Preferential Procurement Policy Framework Act.
17. Contracts were extended or modified without formally documenting such processes, contrary to the requirement of a fair supply chain management system in TR 16A3.2.

18. Goods and services with a transaction value between R10 000 and R500 000 were procured without obtaining at least three written price quotations from prospective suppliers as per the requirements of TR 16A6.1 and National Treasury Practice Note 8 of 2007/08.

INTERNAL CONTROL

19. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- The interim accounting authority attempted to but did not manage to address all the challenges to ensure that performance targets are designed to adhere to the requirements and to ensure that data that support reporting against targets are consistently collected.

OTHER REPORTS

Investigation

20. The Special Investigation Unit is currently conducting an investigation at the National Heritage Council.

Auditor-General

Pretoria
24 August 2011



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

STATEMENT OF RESPONSIBILITY

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 2011 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 31 May 2011.



CHIEF EXECUTIVE OFFICER
INTERIM ACCOUNTING AUTHORITY
ADV. S MANCOTYWA

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF FINANCIAL POSITION

	NOTES	2011 R '000	2010 (Restated) R '000
ASSETS			
Current assets			
Receivables from exchange transactions	4	43	72
Receivables from non- exchange transactions	5	3,446	-
Prepayments and advances	6	4,172	8,486
Cash and cash equivalents	7	6,368	7,734
		14,029	16,292
Non-current assets			
Property, plant and equipment	2	1,077	1,153
Intangible assets	3	76	74
		1,153	1,227
Total Assets		15,182	17,519
LIABILITIES			
Current liabilities			
Payables from exchange transactions	8	2,757	2,190
Deferred income/unspent conditional grants and receipts	9	610	10,142
Finance lease obligation	10	82	53
Provisions	11	333	275
Bonuses	12	1,363	987
		5,145	13,647
Non-current liabilities			
Finance lease obligation	10	285	246
		285	246
Total Liabilities		5,430	13,893
TOTAL NET ASSETS			
		9,752	3,626
Accumulated Surplus		9,752	3,626
NET ASSETS		9,752	3,626

STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2011 R '000	2010 (Restated) R '000
REVENUE		68,229	69,151
Non-exchange revenue		67,854	68,318
Government grant	13	46,665	48,435
Amortised Government – Other	14	3,141	8,179
Amortised Government - National Lottery	14	18,048	11,704
Exchange revenue		375	833
Other income	15	38	154
Interest received	16	337	679
TOTAL EXPENSES		(62,103)	(72,156)
Operating expenses	17	(32,912)	(38,714)
Administrative expenses	18	(13,005)	(20,141)
Employee related costs	19	(14,376)	(11,723)
Operating lease expenses	20	(1,093)	(648)
Finance costs	21	(185)	(167)
Depreciation	22	(456)	(651)
Amortisation	23	(76)	(112)
SURPLUS/(DEFICIT) FOR THE PERIOD		6,126	(3,005)
SURPLUS/(DEFICIT) FOR THE PERIOD		6,126	(3,005)
Attributable to:			
Owners of the controlling entity		6,126	(3,005)
Minority interest		-	-
		6,126	(3,005)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/(Deficit)	Total Net Assets
	R '000	R '000
Balance at 1 April 2009	6,631	6,631
Deficit for the period (refer to Note 32)	(3,005)	(3,005)
Balance at 31 March 2010	3,626	3,626
Surplus for the period	6,126	6,126
Balance at 31 March 2011	9,752	9,752

CASH FLOW STATEMENT

	NOTES	2011	2010
		R '000	R '000
CASH FLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS		55,015	71,617
Government Grant – DAC	13	46,665	48,435
Other Receipts		44	30
Amortised Government Conditional Grants		8,000	22,505
Interest Received		306	647
CASH PAID TO SUPPLIERS AND EMPLOYEES		(55,972)	(82,092)
Employee Related Costs		(13,879)	(10,293)
Suppliers		(41,908)	(71,632)
Interest Paid	21	(185)	(167)
NET CASH FLOW FROM OPERATING ACTIVITIES	25	(957)	(10,475)
CASH FLOW FROM INVESTING ACTIVITIES		(354)	(371)
Acquisition of Property, plant and equipment		(276)	(335)
Acquisition of Intangible assets	3	(78)	(36)
CASH FLOW FROM FINANCING ACTIVITIES		(55)	(49)
Payment for finance lease		(55)	(49)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS		(1,366)	(10,895)
Cash and Cash Equivalents at the beginning of the period		7,734	18,629
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	6,368	7,734

ACCOUNTING POLICIES

I. 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 and with South African Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board. The preparation of financial statements in conformity with GRAP and GAAP 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 following GRAP Statements replace the equivalent GAAP Statement as follows:

Standard of GRAP	Standard of GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2, and 3 has resulted in the following significant changes in the presentation of the financial statements.

Terminology Differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income Statement
Statement of financial position	Balance sheet
Statements of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share Capital

Terminology Differences: (continued)

Standard of GRAP	Replaced Statement of GAAP
Distribution to owners	Dividends
Reporting date	Balance sheet date

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.

At the date of approval of these financial statements, the following standards were issued and effective for financial years commencing on or after 1 April 2012. These approved standards of GRAP are not likely to affect Annual Financial Statements when they are adopted since accounting policies have been determined based on the principles in these standards:

Standard	Applicable to NHC
GRAP 21 - Impairment of Non – Cash - generating Assets	YES
GRAP 23 - Revenue from Non Exchange Transactions (Taxes and Transfers)	YES
GRAP 24 - Presentation of Budget Information in Financial Statements	YES
GRAP 26 - Impairment of Cash - generating Assets	YES
GRAP 103 - Heritage Assets	YES

ACCOUNTING POLICIES

I. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

The following Standards of GRAP became effective on 1 April 2010 and have been adopted by the NHC. This adoption did not result in any additional disclosures or changes in accounting policies.

Effect of new Standards of GRAP issued

Standard	Applicable to NHC
GRAP 5 - Borrowing Costs	YES
GRAP 9 - Revenue from Exchange Transactions	YES
GRAP 12 - Inventories	YES
GRAP 13 - Leases	YES
GRAP 14 - Events after the reporting date	YES
GRAP 17 - Property, Plant, and Equipment	YES
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets	YES
GRAP 102 – Intangible Assets	YES

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 when they are adopted since accounting policies have been determined based on the principles in these standards:

Standard	Applicable to NHC
GRAP 25 - Employee Benefits	YES
GRAP 104 - Financial Instruments	YES

I.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.

I.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 estimated useful lives of the main assets categories are as follows:

Item	Rate
Computer equipment	3 years (33.33%)
Office equipment	6 years (16.67%)
Motor vehicles	5 years (20 %)
Furniture and Fittings	6 years (16.67%)
Leasehold improvements	Lease term over the period of lease
Leased Assets	5 years (20%)

Leasehold improvements are amortised over the period of the building lease agreement. Depreciation rates and residual values are considered annually and adjusted if appropriate.

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.



ACCOUNTING POLICIES

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 as follows:

Item	Useful life
Computer software	2 years (50%)

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 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.

ACCOUNTING POLICIES

1.4 Financial Instruments (continued)

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.

ACCOUNTING POLICIES

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.

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 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

Government grants are recognised when there is reasonable assurance that:

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

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the income statement (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

ACCOUNTING POLICIES

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:

- Government grants 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.

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.

1.14 Irregular expenditure

Irregular expenditure as defined in Section 1 of the 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.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

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 and provincial spheres of government will be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The Chief Executive Officer, Chief Financial Officer, General Manager and the Company Secretary are the only positions regarded as being at key management level.

Close family members of key 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

2011

	Leasehold property	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leased assets	TOTAL
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	265	1,145	142	315	597	341	2,805
Accumulated depreciation	(265)	(691)	(142)	(191)	(299)	(64)	(1,652)
Carrying amount	-	454	-	124	298	277	1,153
Movements during the year							
Additions	69	37	-	22	147	125	400
Derecognition	-	(1)	-	(1)	(17)	-	(19)
Depreciation	(21)	(133)	-	(46)	(184)	(72)	(456)
Closing balances							
Cost	334	1,155	142	334	544	465	2,974
Accumulated depreciation	(286)	(798)	(142)	(235)	(300)	(136)	(1,897)
Carrying amount	48	357	-	99	244	329	1,077

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2010

	Leasehold property	Furniture and Fittings	Motor Vehicles	Office Equipment	IT Equipment	Leased assets	TOTAL
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	246	972	142	282	487	688	2,817
Accumulated depreciation	(137)	(508)	(118)	(138)	(111)	(321)	(1,333)
Carrying amount	109	464	24	144	376	367	1,484
Movements during the year							
Additions	19	173	-	33	110	341	676
Derecognition	-	-	-	-	-	(355)	(355)
Depreciation	(128)	(183)	(24)	(53)	(188)	(75)	(651)
Closing balances							
Cost	265	1,145	142	315	597	341	2,805
Accumulated depreciation	(265)	(691)	(142)	(191)	(299)	(64)	(1,652)
Carrying amount	-	454	-	124	298	277	1,153

Assets to the historical cost of R 1,103,313 (2011) have been fully depreciated, but are still in use.

A register containing the information required by section 63 of the PFMA is available for inspection at the registered office of the National Heritage Council.

The National Heritage Council received non-monetary grant in respect of depreciable assets which are allocated to the income over the period of depreciation (Refer to Note 9).

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
3. INTANGIBLE ASSETS		
Computer Software		
Opening balance (Cost)	212	176
Opening balance (Accumulated Amortisation)	(138)	(26)
Carrying Amount (Opening Balances)	74	150
Additions	78	36
Amortisation (During the year)	(76)	(112)
Carrying Amount (Closing Balances)	76	74
4. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Sundry Debtors	6	15
Staff Loans & Debtors	6	7
Interest receivable	31	50
<i>Financial assets</i>	43	72
5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Conditional Grant Receivable - National Lottery	3,446	-
<i>Financial assets</i>	3,446	-
6. PREPAYMENTS AND ADVANCES		
Deposit for rent	82	82
Prepayments and advances (refer to Note 32)	4,090	8,404
	4,172	8,486
7. CASH AND CASH EQUIVALENTS		
Cash on hand	1	1
Cash at bank	392	1,771
Funds held on call deposit	5,975	5,962
<i>Financial assets</i>	6,368	7,734

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
8. PAYABLES FROM EXCHANGE TRANSACTIONS		
<i>Financial liabilities</i>	2,710	2,190
Trade payables (refer to Note 32)	2,466	1,747
Salary related payables	244	443
<i>Other Payables</i>	47	-
Operating lease payables	47	-
	2,757	2,190

See Note 27 on Financial Instruments on how risk is managed in relation to the financial assets listed above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
9. DEFERRED INCOME/UNSPENT CONDITIONAL GRANTS		
Balance at the beginning of the year	10,142	9,068
Non - current assets	11	65
Conditional Grants – DAC	3,740	9,003
Conditional Grants - National Lottery	6,391	-
Movement during the year - Receipts	8,211	22,521
Non - current assets	-	13
Eastern Cape Department of Sports and Recreation	-	2,849
Conditional Grants - National Lottery	8,211	19,659
Movement during the year - Recognised	(17,743)	(21,447)
Non - current assets	(3)	(67)
Conditional Grants – DAC	(3,138)	(5,263)
Eastern Cape Department of Sports and Recreation	-	(2,849)
Conditional Grants – National Lottery – Receivable	-	(1,564)
Conditional Grants - National Lottery – Revenue	(14,602)	(11,704)
Balance at year end	610	10,142
Non - current assets	8	11
Conditional Grants – DAC	602	3,740
Eastern Cape Department of Sports and Recreation	-	-
Conditional Grants - National Lottery	-	6,391
Long term portion	-	-
Short term portion	610	10,142
	610	10,142

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
10. FINANCE LEASE OBLIGATION		
Minimum Lease payments due		
- Within one year	295	241
- In second to fifth year inclusive	805	957
	1,100	1,198
Less: Future finance charges	(733)	(899)
	367	299
Present value of future minimum lease payments		
Present value of minimum lease payments due		
- Within one year	82	53
- In second to fifth year inclusive	285	246
	367	299
Long-term portion of finance lease obligation	285	246
Current portion of finance lease obligation	82	53
	367	299

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

- 1) Entered into a rental operational agreement with ITEC Finance Limited for three (3) photocopy machines and one (1) photocopy machine effective 1 May 2009 and 11 February 2011 respectively. The two contracts are for a period of 60 months each at R182, 218 and R22, 403 per annum respectively, using a 15% escalation rate. Additional finance costs are charged by the lessor which are 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.
- 2) Entered into a rental operational agreement with SASFIN Limited for a PABX System effective from 1 April 2009. The contract period is for 60 months, at R 34,186 per annum.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
II. PROVISIONS		
Opening balances		
Leave provision	275	230
Additions		
Leave provision	333	275
Utilised		
Leave provision	(58)	-
Reversed		
Leave provision	(217)	(230)
Closing balances		
Leave provision	333	275
	333	275

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
12. BONUSES		
Opening balances		
Bonuses	987	1,034
Bonuses		
Additions	1,363	1,521
Bonuses		
Utilised	(987)	(1,568)
Closing Balance		
Bonuses	1,363	987
	1,363	987
13. GOVERNMENT GRANT		
Grant received – DAC	46,665	48,435
	46,665	48,435
14. AMORTISED CONDITIONAL GRANTS		
AMORTISED GOVERNMENT - OTHER		
Department of Arts and Culture	3	67
Department of Arts and Culture (Funded Projects)	3,138	5,263
Eastern Cape Department of Sports and Recreation	-	2,849
	3,141	8,179
AMORTISED GOVERNMENT - NATIONAL LOTTERY		
National Lottery – Special projects	18,048	11,704
	18,048	11,704

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
15. OTHER INCOME		
Gain on assets derecognised	-	124
Sundry Income	38	30
	<u>38</u>	<u>154</u>
The National Heritage Council received sundry income from the sale of bid tender documents.		
16. INTEREST RECEIVED		
Interest revenue	337	679
	<u>337</u>	<u>679</u>
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.		
17. OPERATING EXPENSES		
Legal fees	210	197
Entertainment expenses	120	63
Heritage projects and programmes (Refer to Note 32)	32,231	37,977
Staff training and development	311	414
Maintenance, repairs and running costs	40	63
	<u>32,912</u>	<u>38,714</u>
18. ADMINISTRATIVE EXPENSES		
General and Administrative expenses	10,595	16,145
Loss on assets derecognised	19	-
Travel and Accommodation	2,391	3,996
	<u>13,005</u>	<u>20,141</u>

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
19. EMPLOYMENT RELATED COSTS		
Basic salaries	9,313	8,095
Overtime	12	-
Employees contributions - Provident Fund	1,515	933
Employees contributions – UIF	35	37
Leave provision and bonus	1,479	1,566
Council contributions - Provident Fund	1,515	933
Council contributions – UIF	35	37
Council contributions – SDL	118	122
Council contributions – Medical Aid	354	-
	<u>14,376</u>	<u>11,723</u>
20. OPERATING LEASE EXPENSES		
Office space	1,006	611
Parking	87	37
	<u>1,093</u>	<u>648</u>
21. FINANCE COSTS		
Interest paid (Bank)	1	3
Interest paid on leased assets	184	164
	<u>185</u>	<u>167</u>
22. DEPRECIATION		
Motor vehicles	-	24
IT equipment	184	188
Office equipment	46	53
Furniture and fittings	133	183
Leasehold improvement	21	128
Leased assets - office equipment	72	75
	<u>456</u>	<u>651</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R '000	2010 R '000
23. AMORTISATION		
Computer software	76	112
	76	112
24. OPERATING LEASES		
The National Heritage Council entered into a rental agreement with the Broll Property Group, effective 1 April 2010. The lease contract is for 24 months at a cost of R 1,037,404 per annum, escalating at 9% per annum.		
Lease commitments (operating leases)		
Up to one year	1,093	-
Later than one year and not later than 5 years	-	-
	1,093	-
25. CASH GENERATED FROM (USED IN) OPERATIONS		
Surplus/(Deficit) for the year	6,126	(3,005)
Adjustments for:		
Depreciation	456	651
Amortisation on intangible assets	76	112
Movement in provisions and bonuses	434	(2)
Other non-cash items	19	(124)
Changes in working capital:		
Trade and other receivables	(3,417)	1,737
Prepayments and advances (Refer to Note 32)	4,314	(8,426)
Trade and other payables	567	(2,492)
Deferred income/Unspent conditional grants	(9,532)	1,074
	(957)	(10,475)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. RELATED PARTIES

Related party transactions (Receipts)

	2011 R '000	2010 R '000
1. Grant – Recurring expenditure (Department of Arts and Culture)	46,665	48,435
2. National Lottery Distribution Trust Fund	8,211	19,659
3. Eastern Cape Dept. of Arts, Sports & Recreation	-	2,849
	<u>54,876</u>	<u>70,943</u>

Related party transactions (Payments)

4. Amathole District Municipality	350	-
	<u>350</u>	<u>-</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26. 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 listed in the Estimates of National Expenditure. The National Heritage Council received R 46,665m as grants for the period under review. 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 Lottery Distribution Trust Fund has made provision for funding activities/projects of the Council. The National Heritage Council received R 8,211m as grants for the period under review. 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. The National Lottery Distribution Trust Fund is the related party of the National Heritage Council.
- 3) The National Heritage Council received R 2,849m as a donation from Eastern Cape Department of Arts, Sports & Recreation during the 2009/10 financial year. This was provided as a financial assistance towards the National Ubuntu Event. 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. The Eastern Cape Department of Arts, Sports & Recreation is the related party of the National Heritage Council.
- 4) The National Heritage Council transferred an amount of R350,000 to the Amathole District Municipality during the current financial year as a contribution to the Repatriation of South Africa's Heritage Property from Foreign Countries. The project was championed by the Amathole District Municipality and the NHC participated and provided financial assistance. 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/Provincial/Local 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. The Amathole District Municipality is the related party of the National Heritage Council.
- 5) Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The Chief Executive Officer, Chief Financial Officer, General Manager and the Company Secretary are the positions regarded as being at key management level at the National Heritage Council.
 - 5.1) The Chief Executive Officer of the National Heritage Council is also and has been in the previous years a member of the Distributing Agency (Arts, Culture, and Heritage) of the National Lottery Distribution Trust Fund. The National Heritage Council has received funds from the National Lottery Distribution Trust Fund during the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. 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.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. MEMBERS EMOLUMENTS - NON EXECUTIVE

2011

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
B. Ledwaba (Deputy Chairperson)	4	-	4
Adv L. Mpumwana	6	9	15
N. Mlonzi	2	1	3
N. Mnxasana	13	1	14
A. Wakaba	3	1	4
P. Madiba	5	2	7
L. Maduse	3	5	8
R. Ledwaba	7	13	20
**L. Mbekeni	8	-	8
Adv B. Madumise	6	2	8
Adv T. Ntsewa	1	1	2
Z. Mkiva	3	-	3
H. Boshoff	3	1	4
P. Meyer	3	-	3
D. Monyamane	4	-	4
S. Ndhlovu	1	-	1
Prof A W Oliphant	3	1	4
**Z. Fihlani	5	1	6
Prof G. M Nkondo	2	1	3
Prof J. Sithole	2	1	3
V. Bila	2	2	4
S. Mda	1	1	2
	87	43	130

**External Audit Committee Member

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. MEMBERS EMOLUMENTS - NON EXECUTIVE (continued)

2010

Names and Designations	Honoraria R'000	Travel R'000	Total R'000
R M D Ralebipi - Simela (Deputy Chairperson)	3	1	4
C S Rassool	2	3	5
L Callinicos	4	1	5
K T Ntsewa	4	2	6
L P Nkosi	1	-	1
P Seboni	4	2	6
M Maboe	-	-	-
K Mkiva	1	-	1
H Boshoff	3	1	4
J Mdeni	16	1	17
**T D Ntuli	8	1	9
**N Jaxa	9	2	11
K. Mosenogi	3	15	18
V. Bila	4	4	8
	62	33	95

**External Audit Committee Member

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. MEMBERS EMOLUMENTS (EXECUTIVE)

2011

Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Medical R'000	Annual payments R'000	Provident fund R'000	Total R'000
S Mancotywa	Chief Executive Officer	1-Apr-10	733	150	36	225	155	1,299
T Ramagoma	General Manager: Heritage	1-Apr-10	648	151	-	50	141	990
N Madilonga	Chief Financial Officer	1-Apr-10	771	-	40	86	140	1,037
N Matanzima	Company Secretary	1-Apr-10	503	104	15	64	107	793
D Goulkan	Marketing Manager	1-Apr-10	503	104	-	74	107	788
B Marolen	HR Manager	1-Apr-10	503	104	-	64	107	778
S Ndhrazi	Funding Manager	1-Apr-10	503	104	8	66	107	788
**T Manetsi	Heritage Manager	1-Apr-10	480	95	21	70	98	764
B Mdikane	Project Manager (NHLR)	1-Apr-10	604	-	-	70	107	781
P.Taruvinga	World Heritage Specialist (NHLR)	11-Jun-10	538	-	-	-	99	637
			5,786	812	120	769	1,168	8,655

**Resigned during the financial year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. MEMBERS EMOLUMENTS (EXECUTIVE) (continued)

2010

Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Medical R'000	Annual payments R'000	Provident fund R'000	Total R'000
S Mancotywa	Chief Executive Officer	1-Apr-09	668	169	-	316	155	1,308
T Ramagoma	General Manager: Heritage	1-Sep-09	346	95	-	26	77	544
N Madilonga	Chief Financial Officer	1-Apr-09	719	1	-	89	130	939
N Matanzima	Company Secretary	1-Apr-09	461	104	-	66	107	738
D Goulkan	Marketing Manager	1-Apr-09	461	104	-	114	100	779
B Marolen	HR Manager	1-Apr-09	478	86	-	94	100	758
S Ndhrazi	Funding Manager	1-Apr-09	461	105	-	114	100	780
T Manetsi	Heritage Manager	1-Apr-09	461	104	-	120	100	785
B Mdikane	Project Manager (National Heritage Liberation Route)	1-Apr-09	550	-	-	47	100	697
			4,605	768	-	986	969	7,328

30. COMPARISON OF RESULTS WITH THE APPROVED BUDGET

RECONCILIATION OF BUDGET SURPLUS WITH THE SURPLUS IN THE STATEMENT OF FINANCIAL PERFORMANCE

	R '000
Net surplus per the statement of financial performance	6,126
Adjusted for:	
Fair value adjustments	-
Depreciation/Amortisation	532
Impairments recognised / reversed	-
Deficit on the sale of assets	19
Increases in provisions	434
Net surplus per approved budget	7,111

The budget was approved by the Council and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**31.1 Details of irregular expenditure, condoned by the Accounting Authority**

31.1.1 Treasury Regulations requires that all bids exceeding R1 million rand in value not awarded through an open bid process should be reported to the relevant treasury and the Auditor General. The following amounts as reflected for the 2010/11 financial year relates to bids that were awarded in the prior years with contracts engaged for three (3) year period and not reported accordingly as required by Treasury Regulations. At year end the said contracts as reported had ended, and there will be no future payments in the following financial years.

No.	Incident	Amount 2011 R'000	Amount 2010 R'000
1.	Contract relates to the engagement of a sole supplier for an exhibition project held in Belgrade.	-	1,502
2.	Amount was contracted using a retainer fee model for Marketing and Communications services following a bid process (Refer to 3.2, No. 2).	1,800	1,200
3.	A service provider was engaged for three years for the event management of the South African Traditional Music Achievements (SATMA) Awards in 2008 through a closed bid procurement process.	2,794	2,619
TOTAL		4,594	5,321

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

31.1 Details of irregular expenditure, condoned by the Accounting Authority (continued)

31.1.2 This relates to funded projects through which an open public process to select proposals worthy of support was engaged. National Heritage Council through its funding mandate make public calls for heritage projects through print and electronic media. Qualifying projects are approved through the Funding Policy Guidelines (Heritage Funding Committee) and thereafter contracts are signed with implementation periods indicated. Approved projects will for one reason or another encounter delays in their implementation, thus pushing implementation beyond their contract stipulated period

No.	Incident	Amount 2011 R'000	Amount 2010 R'000
1.	National Heritage Council made part tranche payments to Funded Projects based on written grant agreements that had lapsed before the completion thereof. Notwithstanding that a formal application to commit funds for the incomplete projects had been made to and approved by National Treasury, such payments were made without the NHC formally approving the request for extension and first signing an extension thereof with the beneficiaries before releasing the remaining tranche payments which it had agreed to fund in terms of the initial written grant agreement.	1,121	-
TOTAL		1,121	-

31.1.3 In terms of paragraph 3.3 of Practice Note 8 of 2007/08 (Supply Chain Management), written price quotations should be invited for requirement above R10 000 but not exceeding R500 000. If it is not possible to obtain at least three (3) written price quotations, the reasons should be recorded and approved by the accounting officer/ authority or his / her delegate.

No.	Incident	Amount 2011 R'000	Amount 2010 R'000
1.	Procurement of software was sourced from contracted NHC IT service provider without obtaining additional quotations.	14	-
2.	Procurement of computer equipment was purchased from the direct supplier of Apple products.	13	-
3.	Three quotations were sourced, only two responded and submitted quotes.	37	-
TOTAL		64	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

31.1 Details of irregular expenditure, condoned by the Accounting Authority (continued)

31.1.4 Paragraph 18.1 of the Supply Chain Management Guide for Accounting Officers or Authorities states “No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned”

No.	Incident	Amount 2011 R'000	Amount 2010 R'000
1.	Based on the terms and conditions agreed with the landlord, four (4) additional parking bays were allocated, utilised, invoiced and paid for without a formal addendum being signed between NHC and the Landlord.	11	-
TOTAL		11	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

31.2 Details of fruitless and wasteful expenditure, condoned by the Accounting Authority

No.	Incident	Amount 2011 R'000	Amount 2010 R'000
1.	An official, who was dismissed in 2008, subsequently handed the matter to the CCMA and thereafter to a legal process, requesting compensation for unfair dismissal. Whilst the NHC management considered the likelihood of the action against the institution being successful as unlikely, it, based on legal opinion obtained and projection of legal fees and a cost benefit analysis, decided to settle the matter out of court with Council's approval.		
	Settlement	-	71
	Legal costs	-	164
2.	Amount was contracted using a retainer fee model for Marketing and Communications services of which the value received for the amount paid could not be determined (Refer to 3.1.1, No.2).	1,800	-
3.	One month's salary payment was paid to an employee who was subjected to a disciplinary process and who subsequently resigned.	30	-
5.	Value Added Tax amount paid to non-vendor. The service provider was sourced from the Mpumalanga Provincial Department of Culture, Sports, and Recreation's database of suppliers as per agreement with NHC.	17	-
TOTAL		1,847	235

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. PRIOR YEAR ADJUSTMENT

32.1 PAYABLES FROM EXCHANGE TRANSACTIONS AND OPERATING EXPENSES

R'000

Correction of error relating to overstatement of operating expenses and payables from exchange transactions. Invoices received from service provider in the previous financial year 2009/10 and accrued accordingly. During the 2010/11 it was discovered that services for which invoices were received and accrued were not rendered in full.

The net deficit for the year 2010 was adjusted and while comparative amounts were restated accordingly. The effect of the adjustment of this error on the results of 2010 was as follows:

Decrease in operating expenses	372
Decrease in payables from exchange transaction	372

32.2 RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE TRANSACTIONS

Correction of error relating to overstatement of operating expenses and understatement of receivables from exchange transactions (Advance Payments).

Payment advanced in 2009/10 financial year as per contract provisions, and the amount was incorrectly accounted for as expenditure.

The net deficit for the year 2010 was adjusted and comparative amounts were restated accordingly. The effect of the adjustment of this error on the results of 2010 was as follows:

Decrease in operating expenses	2,000
Increase in receivables from exchange transaction	2,000

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R'000	R'000
Revenue	68,229	69,151
Government grant	46,665	48,435
Amortised conditional grants - Other	3,141	8,179
Amortised conditional grants - National Lottery	18,048	11,704
Other income	38	154
Interest received	337	679
Expenses	(62,103)	(72,156)
Operating expenses (As per schedule page 84)	(32,912)	(38,714)
Administrative expenses (As per schedule page 86)	(13,005)	(20,141)
Employment related costs (As per schedule page 87)	(14,376)	(11,723)
Operating lease expenses	(1,093)	(648)
Finance costs	(185)	(167)
Depreciation	(456)	(651)
Amortisation	(76)	(112)
SURPLUS/(DEFICIT) FOR THE PERIOD	6,126	(3,005)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R'000	2010 R'000
OPERATING EXPENSES		
Legal Fees	210	197
Entertainment Expenses	120	63
Heritage Projects and Programmes	32,231	37,977
Funding disbursements (Funding Unit)	4,834	7,134
Transformation Charter	-	3
Young Indigenous Artists	53	425
Heritage Resource Centre	382	237
Policy Framework on Repatriation Heritage Resources	4	438
Ubuntu in Nation building	2,376	10,378
Heritage Strategic Programmes	1,291	721
Heritage Engagement with Sector	1,694	420
Unsung Heroes & Heroine's - Department of Art & Culture	-	589
SATMA Awards - Department of Arts & Culture	2,821	2,659
Heritage Liberation Route - Department of Arts & Culture	10	527
Policy Framework on Access to Heritage Resources	50	349
Policy Framework on Heritage Conservation and Development	297	85
Policy Framework on Professional Standards and Ethics	21	-
Heritage and Education Outreach Programme Project	350	807
SATMA Awards - Lottery Funded	15,693	10,586
Heritage Liberation Route - Lottery Funded	1,854	987
Young Indigenous Artists - Lottery Funded	501	128
Unsung heroes & Heroines - Lottery Funded	-	2

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2011 R'000	2010 R'000
OPERATING EXPENSES (continued)		
Heritage Special Projects	-	1,502
Staff Training and Development	311	414
Staff Training	210	329
Subscriptions	101	85
Maintenance, Repairs and Running Costs	40	63
Repairs and Maintenance	40	63
	32,912	38,714

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R'000	R'000
ADMINISTRATIVE EXPENSES		
General and Administrative Expenses	10,614	16,145
Catering Meetings	12	12
Audit Fees (Internal)	559	490
Audit Fees (External)	975	702
Advertising of Posts	153	74
Marketing & Communication	4,279	5,828
Advertising - Tenders & Policies	446	826
Bank Charges	11	12
Consulting Fees	1,223	3,351
Courier & Postage	28	78
Electricity, Water & Refuse	195	92
General Expenses	-	10
Honoraria	139	114
Insurance	50	84
Staff Welfare	128	210
Rentals - Office Equipment	5	6
Motor Vehicle Expenses	29	28
Printing & Stationery	256	223
Rates & Taxes	66	59
Publications	-	300

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
 SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2011	2010
	R'000	R'000
ADMINISTRATIVE EXPENSES (continued)		
Refuse	-	2
Recruitment Cost	6	1
Relocation Costs	24	-
Workshops	1,149	2,257
Telephone & Faxes	288	369
Cellphone Accounts	319	423
Loss on Derecognition	19	-
Temp Staff	65	264
Settlement	-	71
IT Support	190	259
Travel and Subsistence	2,391	3,996
	13,005	20,141
EMPLOYMENT RELATED COSTS		
Employment related costs	14,376	11,723
Salaries	12,897	10,157
Leave Pay	116	45
Bonus Pay	1,363	1,521
	14,376	11,723
PURCHASE OF OTHER WORLD CUP APPAREL		
	Quantity	
T – Shirts	24 Units	14
	-	14



NOTES

A series of horizontal dotted lines spanning the width of the page, designed for handwritten notes.