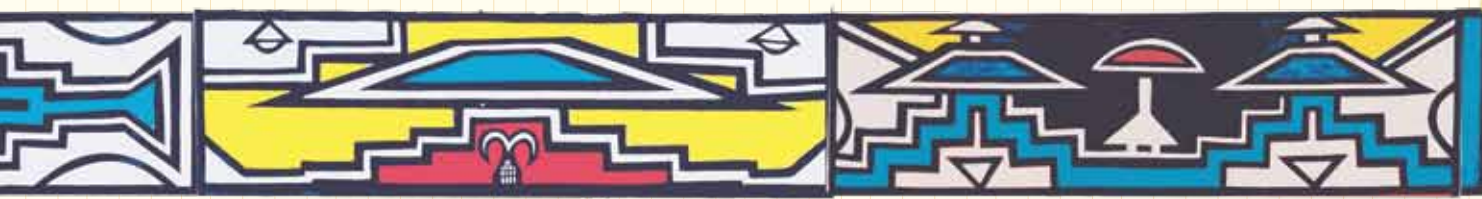


*annual report 2011-2012*



**nhc**  
National Heritage Council  
SOUTH AFRICA  

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an agency of the  
Department of Arts and Culture

**Published by the National Heritage Council of South Africa**

**Physical address**

Domus Building, 57 Kasteel Road (corner of Kasteel & Ingersol Road), Lynnwood Glen, South Africa, 0081

**Postal address**

PO Box 74097, Lynnwood Ridge, Pretoria, South Africa, 0040

**Contacts**

Tel: +27 12 348-1663/ 8223

Fax: +27 12 348-2833

e-mail: [nhc@nhc.org.za](mailto:nhc@nhc.org.za)

The Annual Report for the National Heritage Council of South Africa  
is available on [www.nhc.org.za](http://www.nhc.org.za)

**ISBN:** 978-0-621-41129-4

**GENERAL INFORMATION ABOUT THE NATIONAL HERITAGE COUNCIL**

**Country of incorporation and domicile:** Republic of South Africa

**Nature of business and principle activities:** The National Heritage Council of South Africa is responsible for the development, promotion and protection the national heritage for present and future generations according to the National Heritage Council Act, 1999 (Act No. 11 of 1999).

**Line function department:** Department of Arts and Culture

**Bankers:** First National Bank

**Auditors:** Auditor-General of South Africa

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# Section One

General Information



Picture: Youth of AmaNdebele clad in their popular bright coloured blanket at the Freedom Day celebration-Union Buildings (2012)

## 1.1 Vision, Mission and Values

### Vision

To build a nation proud of its African heritage.

### Mission

To transform, protect and promote South African heritage for sustainable development.

### Core Values

The following values will guide the programs, actions and behaviours of Council members and employees of the NHC and all those who are acting in its name:

- Ubuntu
- Integrity
- Creativity
- Professionalism
- Equity

## 1.2 Legislative Mandate

The mandate of the NHC is contained in Section 4 of National Heritage Council Act, 1999 (Act No. 11 of 1999) as per the objects of the Act as stated below:

- a) Develop, promote and protect the national heritage for present and future generations.
- b) To coordinate the heritage management.
- c) To protect, preserve and promote the content and heritage which resides in orature in order to make it accessible and dynamic.
- d) To integrate living heritage with functions and activities of the Council and all other heritage authorities and institutions at national, provincial and local levels.
- e) To promote and protect indigenous knowledge systems including but not limited to enterprise and industry, social upliftment, institutional framework and liberatory processes: and
- f) To intensify support for the promotion of history and culture of all our peoples and particularly to support research and publications on enslavement in South Africa.

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

- a) Advise the Minister on:
  - National policies on heritage matters, including indigenous knowledge systems, treasures, restitution and other relevant matters; and
  - 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.



# Foreword by the Chairperson

The new Council of the National Heritage Council of South Africa has assumed a challenge of making impactful interventions in the heritage sector. We are honoured to have adopted a precedence of good governance that is reflected in the annual reports of the organisation. It is not an easy task to maintain a clean audit record amidst the rising public demands and pressures. We hope to contribute to this good record by not only maintaining it but also by further improving the performance of the organisation so that it can be better prepared to deal with the current challenges.

The Council started by charting a common perspective about challenges facing the sector and this helped to enhance our role in setting a strategic trajectory for the NHC. We have done this to ensure that during our term there are clear milestones that characterise our achievements as a legacy of this Council. In as much as it is important that we pay attention to compliance issues, this council has set a new trend of a focussed attention on the core business of the Council through vigorous and robust discussions at

Council and its sub-committees. The new Council interventions will go a long way towards ensuring that heritage as a strategic resource occupies a critical space in society.

This Council and its members were appointed by the Minister of Arts and Culture, Mr Paul Mashatile in November 2011. It was among the last Councils among other DAC agencies to be appointed towards the last few months of the financial year. In that period leading to the year-end, we had to orientate ourselves as Council members at an accelerated pace. We are certain that the Management of the NHC received our support and fruitful engagement on matters that Council had to oversee. We were fortunate to find the strategy development process in progress. This enabled us to shape the vision of the NHC that we as Council would like to realise working with the capable team of the NHC.

In the year under review, the new fourteen-member Council had two meetings in only one quarter of the year. This in itself is a

display of the high level of commitment to the NHC. The Council is expected to have four meetings in a year. These meetings were largely driven by rigorous debates about the direction that we would like to steer the organisation. At the same time, we exercised our responsibility in overseeing the governance of the NHC on behalf of the Minister of Arts and Culture.

We are generally comfortable with the Annual Report of the NHC for the financial year 2011/2012. We hope that the few challenges that are contained in the Auditor General's Report will be addressed in the subsequent financial year.

Chairperson  
Mxolisi Zwane



Picture: Chiefs of different tribes are served a traditional beer at a cultural ritual ceremony at the centenary celebration of the African National Congress in Mangaung (2012)



# National Heritage Council Members for 2011/12 to 2014/15

Members appointed by the Minister of Art and Culture in terms of section 5(1)(a) of the National Heritage Council Act, 1999 and Provincial Representatives



Mr Mxolisi Zwane  
Chairperson



Mr J Sithole



Ms S Nhlumayo



Prof S Fikeni



Adv B Madumise



Ms N Majokweni



Prof Muxe Nkondo



Mr V Bila



Prof A Oliphant



Dr H Boshoff  
Free State Province



Mr Z Mkiva  
Eastern Cape Province



Mr Roy Ledwaba  
Mpumalanga Province



Adv S Botha  
Western Cape Province



Prof Sekgothe Mokgoatsana  
Limpopo Province



# Accounting Officer's Overview

This National Heritage Council's annual report for 2011/2012 marks yet another milestone of contributing to the preservation and protection of the country's heritage. I can proudly say that the year under review has been characterised by several accomplishments and strategic advancements. The journey has however not been without challenges. The organisation was able to deal with various challenges in the year that required serious adjustments given the vastness and the fragmentation of this sector.

The Council's programmes continue to attract public debates which help to enhance social consciousness amongst South Africans during the time where this aspect is needed most in the national agenda. It proves that public awareness and concern about heritage has become a critical consideration in people's lives. The case of the mining development near the Mapungubwe World Heritage Site in Limpopo is but one example that reached international forums which centers around a rather thorny issue of heritage and development

The NHC is always cognisant of its broad mandate to develop, promote and protect the national heritage for present and future

generations. This mandate from the National Heritage Council act, 1999 (Act 11 of 1999), Section 4, has been the strategic thrust for all our programmes.

One of the highlights was the Liberation Heritage Route's conclusion of the national stakeholder consultations. It resulted in each province agreeing on the proposed pilot sites that will be considered for the capital investment and possible enlisting in the World Heritage Sites List. The LHR has resulted in a paradigm shift in terms of planning by municipalities with regards to Integrated Development Programmes (IDP). This project is set to realise the vision of positioning the sector as "Mazansi's Golden Economy" which is a project of the NHC championed by the Minister of Arts and Culture.

The annual Ubuntu Honour which was received by Mama Winnie Madikizela-Mandela was again a clarion call for South Africans to reflect on the Nation Building agenda from a cultural value system perspective. The Ubuntu Honour has grown in stature during the previous few years to be one of the monumental programmes of the NHC. These programmes have enhanced the profile of the

NHC as a critical player in society. I am particularly pleased that we continued to achieve more despite the stagnant resources.

The organisation was able to stay afloat whilst the Minister of Arts and Culture, the Honourable Paul Mashatile, exercised his thorough selection of credible and reputable South Africans to sit on the Council. We had an unwavering support in all occasions that the members interacted with the NHC officials, albeit a short space of time.

I would like to take this opportunity to thank all the employees of the NHC who always have the interest of the organisation at heart, also, the stakeholders and partners who were part of delivering the mandate of the NHC.

Adv. Sonwabile Mancotywa  
Chief Executive Officer

# Section Two

Information on Predetermined Objectives



Picture: Mangaung Stadium filled to capacity at the historic centenary celebration of the oldest Liberation movement in Africa

## 2.1 Performance Overview for 2011/12

The National Heritage Council has over the years refined its strategic interventions in transforming the heritage landscape. The organisation's commitment to transformation is reflected in the change of the strategic focus. The transition to a new vision of "building a nation that is proud of its African heritage" from the previous of "to be the leading institution for coordinating, the preservation, protection and promotion of South African heritage, both tangible and intangible, for sustainable development" has brought a different business and organisational dimension to the innovative programmes of the NHC.

In addition, inspiration is drawn from the Performance Agreement Outcome 12 of the Department of Arts and Culture (DAC) that is commonly known as Outcome 12(b) that is focusing on achieving "an empowered, fair and inclusive citizenship". This Outcome provides a very clear mandate for the DAC and is the the cornerstone of nation-building and social cohesion.

Arts and Culture has been given a very clear mandate on how to use its time, energy and resources. It is, essentially, the cornerstone of nation-building and social cohesion by building an empowered, fair and inclusive citizenship. The three important Outputs that make up Outcome 12 have compelled the NHC as an active agency of the DAC to make strategic considerations to contribute significantly.

Output 1: Social Cohesion – the essence of this is to encourage citizens to treat each other on the basis of the norms, values and principles enshrined in the Constitution.

Output 2: Nation Building and National Identity – this will comprise of information-sharing and educational initiatives to strengthen civic understanding of the national anthem, the meaning of the flag and national symbols and the constitutions, among others.

Output 3: Citizen Participation – this is to make sure that citizens not only have access to accurate and up-to-date information about government and its activities, but also to identify officials

who lead or manage government activities so that the public can know who to contact.

The third aspect to which the NHC had to respond was the governance imperatives that are required for Performance Audit of all government entities. This imperative places responsibility for due diligence in achieving the predetermined targets that the organisation had set for itself. The new dimension in this aspect is that non-performance becomes a serious Audit finding. The NHC embraced this requirement with a view that it will have a positive effect in enhancing the performance of the organisation.

The NHC has amid all the challenges during this organisational transition strived to remain relevant to the public expectations and achieving its targets with the limited resources. Whilst the NHC acknowledges that the effects of the challenges are evident in the volumes of targets achieved, the critical targets were achieved with notable excellence.

The Ubuntu programme drew many South Africans to recognise the need for Nation Building when a prominent public figure, Mama Winnie Madikizela Mandela accepted to receive the Ubuntu Honour from the NHC in September 2011. This is an annual programme of the NHC that is dedicated to celebrate heritage and revive the values of humanity. The success of the Ubuntu Honour ceremony has resulted in the programme expanding into a nationwide campaign that will involve the citizens.

The NHC implemented a strategic project of establishing the first ever Liberation Heritage Route (LHR) that will be enlisted by the highest international body - United Nations Educational, Scientific and Cultural Organisation (UNESCO). This project was aligned to the DAC strategy of "Investing in Mzansi's Golden Economy". All the nine provinces were consulted in determining the Liberation Heritage Sites that has the potential to be included on the pilot list. Three sites per province were selected and the infrastructure development business plan was developed to solicit funding

through various options available to government.

The annual Heritage Education Outreach that hosts learners from at least one school of each province, took place in the Northern Cape. Learners who graduate from this programme are regarded as young ambassadors of heritage. The young people were taught lessons of cultural and life orientation value. They will pass it on to their peers and most definitely their own families one day.

The public discourse intensified in September wherein the NHC initiated a platform with stakeholders and interest groups from the heritage sector to arrive at a better understanding of Heritage and Development. Spatial and economic development challenges and the associated threats or benefits to heritage were debated by a remarkable panel that included economists, heritage practitioners and community activists and the private sector. The results of such public engagements will assist the NHC in formulating policy interventions on the matter.

The public once more benefited from the funds that are disbursed to qualifying project annually. In this year under review alone, 29 projects were supported with an amount to the tune of R6 million. This adds to the projects that were funded for the past years since this funding initiative was started by the NHC to benefit community heritage projects that find it difficult to access the mainstream financial services providers.

Our internal processes to ensure governance did not escape scrutiny and the Finance and Administration has maintained the high performance of providing corporate services internally. All compliance requirements were met during the financial year.

Although human resource and financial strength were severely under strain, the organisation achieved a success rate that brought about a unqualified audit report for the eighth year in succession.

## 2.2 Performance Information

### 2.2.1 Strategic Outcome Orientated Goals

In line with its vision and mission, the NHC has set itself the following strategic goals for the MTEF Period 2011-2014:

- a) To support targeted and focused initiatives to contribute to the transformation of the heritage Sector by 2014.
- b) To build a cohesive and proud nation.
- c) To build a governance and business oriented organization well capacitated and resourced to meet its strategic goals consistently over the next three (3) years.

### 2.2.2 Strategic Objectives and related strategic initiatives

The table below summarises the strategic objectives and the related initiatives that were the driving force of delivering on the NHC mandate for the financial year under review.

Table 2.2.2 (a): Strategic Objectives and related initiatives

Strategic objectives	Strategic initiatives
(i) Improve research, knowledge production and policy development	Development of Position papers to influence public heritage policies
	Contributions to public discourse to influence heritage Agenda
	Skills Development in the Heritage Sector
(ii) Fund and develop sustainable community heritage initiatives	Funding
	Fundraising
(iii) Promote heritage in nation building and national pride	Developing and promoting liberation heritage
	Mainstreaming Living Heritage (e.g. Ubuntu initiatives/ Traditional Music)
(iv) Enhance public awareness, education and strategic partnerships	Consolidate Relations with the Media and external stakeholders
	Create a comprehensive and coherent marketing framework
	Engage the public through promoting heritage
	Profile the image and identity of heritage
(v) Enhance administration, governance and business processes	Establish, implements, and maintain good principles of accounting and sound systems of internal controls
	To ensure that the NHC resources are utilised economically, efficiently and effectively
	To ensure that the NHC has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective
	To ensure the availability of real time information using technology in support of decision making processes
	To improve organisational performance by attracting, retaining and developing competent employees for the NHC.
	Corporate Governance and Compliance
Legal	

# Performance Information

**Table 2.2.2 (b): Overview of service delivery for the financial year 2011/2012**

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Provide Minister of Arts and Culture with policy advice	Contributions to national Policy-making on heritage-related matters	Provide ad hoc ministerial advice as required	Inputs as and when requested	Policy advice provided for all requests	Quarterly	<p>Achieved: The NHC participated and gave input in the following:</p> <ul style="list-style-type: none"> <li>a) Intangible Cultural Heritage (ICH) Project Reference Group meetings.</li> <li>b) National Museum Policy Framework Panel: Research, write and submitted first phase reports papers on:               <ul style="list-style-type: none"> <li>· Governance structures for museums</li> <li>· Restitution and illicit trafficking</li> <li>· Management and Repatriation of Human remains in museums</li> <li>· Public access in museums</li> <li>· Museums and Intangible Cultural Heritage</li> </ul> </li> </ul>

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Research , Knowledge Production & Develop position papers to influence policy on heritage	Draft Repository on Identified and Documented aspects of Living Heritage	Conduct Research towards identification & documentation of Living Heritage	Periodic research results and reports	Research conducted and completed	Quarterly	Not achieved as envisaged to be NHC's solely owned project, but implemented as part of DAC's ICH Audit: Duplication noted with DAC with regards to the development of the repository. However, NHC participated in project meetings coordinated by the Department of Arts and Culture (DAC) to establish synergy between NHC project and DAC's Intangible Cultural Heritage (ICH) Project.
	Draft Position Papers on Heritage in Private hands, Monuments and Statues	Research & Knowledge Production	Research reports and publications	Research conducted and completed	Q4	<p>a) New Policy Initiative: Reprioritised and implementation deferred to the 2012/13 financial year. A draft concept document has been developed.</p> <p>b) Research, Knowledge Production: 2<sup>nd</sup> Early African Intellectuals and Sol Plaatjie Research projects: Delayed but approval for extending service providers contract granted. Addendum to extend contract developed and sent but not yet signed by Service Provider as at year end.</p>
		Stakeholder consultations	Periodic report/s on consultations with Stakeholders.		Q2 & 3	Not Achieved: Non achievement attributed to the detected duplication with the DAC initiative on ICH. However, consultations on the new Draft position papers initiatives will take place in the 2012/13 financial year

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Develop position papers on priority policy areas (Access, repatriation, heritage in development and ethics)	<ul style="list-style-type: none"> <li>· Conduct Research;</li> <li>· Stakeholder consultations;</li> <li>· Internal approval process (MEXCO, Heritage Committee, Council)</li> <li>· Submit to Minister/DAC</li> </ul>	<ul style="list-style-type: none"> <li>· Periodic Draft Research Report</li> <li>· Position paper</li> </ul>	Position paper developed and consulted with DAC		<p>Achieved: Council has in its meeting held on 23 March 2012 approved the following Position Papers on:</p> <ul style="list-style-type: none"> <li>a) Access to heritage resources ;</li> <li>b) Repatriation of Heritage Resources;</li> <li>c) Mainstreaming Heritage in Development; and</li> <li>d) Ethics and professional standards.</li> </ul>



## Performance information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Skills Development	Established Cooperatives for the Young Indigenous Artists in the 9 provinces	<ul style="list-style-type: none"> <li>· Training of recruited artists</li> <li>· Registration of Cooperatives</li> <li>· Studio and Office set up</li> <li>· Development of Management Plans for the Cooperatives</li> <li>· Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>· Number of Trained Artists</li> <li>· Cooperatives Registration Certificates</li> </ul>	Established and Fully Functional Cooperatives	<p>Q2</p> <p>Q3</p> <p>Q3</p> <p>Q4</p>	<p>Partially achieved from a training point of view: The following milestones were reached:</p> <p><b>a)</b> Meeting held with SEDA and service provider from SEDA to discuss way forward and future of the project (2012/2013).. Minutes of the meeting submitted. Determination of the form that the cooperatives are to take deferred to the 2012/13 financial year.</p> <p><b>b)</b> SEDA had committed R500 000 to the training of Artists through its own appointed Service provider.</p> <p><b>c)</b> Training by SEDA on cooperatives functionality had been conducted in Free State and Eastern Cape Provinces. Report submitted and discussed with the service provider.</p> <p><b>d)</b> A request and/or application for more funding had been made to National Lottery and the DAC but no response has been received yet. Awaiting response from National Lottery.</p> <p><b>e)</b> NHC purchased art materials for the artists in the provinces where training took place.</p> <p><b>f)</b> NHC engaged CATHSSETA to strike a partnership through which the Artists could be funded. Draft MOU sent to CATHSSETA but yet to be signed.</p>

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions	
<b>STRATEGIC OBJECTIVE (ii): Fund and develop Sustainable Community Heritage Initiatives</b>							
Resource Mobilization	Strategic programmes financially supported	Secure approval of Draft Heritage Funding Strategy by the relevant governance structures	Approved Heritage Funding Strategy	Heritage Funding Strategy in place	Q1	Achieved: The Heritage Funding Strategy was approved in the first quarter and implemented during the year under review.	
		Fundraising for NHC Strategic Programmes	Number of strategic programmes supported per annum	At least one programme supported by a funder	Q4	Not achieved. The NHC submitted an application to the NLTF on the two strategic programmes: Liberation Heritage Route (LHR) and Young Indigenous Artists (YIA). However, no response had been received from NLTF as at year end.	
	Coordinated funding for the sector through the Heritage Funders' Forum	Facilitate effective operation of the Funders' Forum	Consolidation of Funders' Forum	Meetings held per annum	Membership coordination completed	Q3	Not achieved. Engagement has been delayed. However, discussions took place with the DAC who suggested that a delegation to coordinate the forum would be done through the office of the DG of the DAC. Implementation deferred to the 2012-2013 financial year.
			Percentage increase in Funders support and participation	-Number of projects supported	Q4	Achieved. Financial Support for the Young Indigenous Artists was secured through SEDA to the value of R500 000 compared to the total funding budget for projects of R6 million for the year under review.	

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
STRATEGIC OBJECTIVE (ii): Fund and develop Sustainable Community Heritage Initiatives						
Grant Disbursements	Efficiently managed disbursements	Distributing as per funding policy	% Increase of the Community projects funded annually	5% increase in the number of projects supported	Q1;Q2	Achieved. 29 projects were approved during this financial year which is more than the 18 approvals in the previous financial year.
		Advocacy workshops for funded projects	Advocacy workshops conducted for new funded projects per annum	One advocacy workshop conducted	Q4	Achieved: Advocacy workshops were conducted in provinces where new projects had been approved.
		Monitoring and evaluation of community funded projects	All projects site visit reports	100% projects site visits conducted	Q2;3;4	Achieved. Final visits were conducted with currently running projects and a consolidated report submitted.
		Annual review of the funding policy	Approved revised Funding Policy	Revised Funding policy approved and implemented	Q4	Not achieved. Delayed and reprioritised for implementation in the first quarter of the 2012/13 Financial year.

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Create and establish partnerships for the promotion of Ubuntu	Integrated Values of Ubuntu into Public and Private Programmes informed by Conference Resolutions – 31/08/2010	Engage all involved stakeholders, establish partnerships and develop joint implementation plans	<ul style="list-style-type: none"> <li>MOUs in place</li> <li>Resource partnerships created</li> </ul>	At least one partnership established	Q2	<p>Achieved: The Ubuntu 2011 Honours were successfully held on 30 September 2011. However, the final report had not been submitted by the Service Provider. A letter of demand has been issued to the service provider for them to submit final report with relevant source documents.</p> <p>In terms of partnerships, the NHC hosted the Ubuntu Honours with the DAC who made written commitment to fund the project through a letter.</p>
Promote traditional and cultural music development initiatives	Support SATMA Awards & associated build up activities	Engage all involved stakeholders, establish partnerships and develop joint implementation plans	Partnerships formalized Level of public participation	MOUs in place Percentage increase in public participation	Q2	<p>Achieved: The Following milestones have been recorded:</p> <p>a) SATMA Awards: The NHC partnered the SATMA Awards Foundation for the 2011 Awards successfully held on 01 October 2011. Final Report on the Project had not been submitted as at year-end. However, a final letter of demand had been sent through to SATMA for them to submit final report with source documents.</p> <p>b) Cultural Heritage Activity Supported: The NHC entered into a partnership agreement with Zindala Zombili on the production of an education DVD which includes a curriculum text. Contract extended and revised project plan submitted.</p>
Roll-out of Provincial Chapters on the LHR	Developed LHR Plans for inclusion in Provincial Growth and Development Plans and IDPs	Inclusion of local and provincial sites on the route map	Approval of sites and the route map by Provincial and Local Governments	At least 3 Approved Sites per province and Route Map	Q2	<p>Achieved. Three sites per province have been identified and approved for inclusion in the LHR Business Plan which has been submitted to the Heritage Committee, Council and DAC during February and March 2012 respectively. The Business Plan which includes the three sites per province has also been tabled at the Technical Committee of the Inter Ministerial Committee during March 2012 and awaits tabling before the Inter Ministerial Committee and Cabinet for final approval. According to the DAC Work Plan, the tabling of the Business Plan before Cabinet for approval would be in May 2012.</p>

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		Establish route management structure	Draft Route management structure approved	Approved Management Structure	Q4	Not Achieved: Subject to the approval of the LHR Business Plan and approval thereof by Cabinet through the Inter-Ministerial Committee of the relevant Cluster.
		Stakeholder Consultation Meetings and Workshop	Workshop and Meeting Reports and Formal Partnership Agreements	Provincial Partnership Agreements and Workshops and meetings completed	Q2-3	Achieved: The following milestones were reached during the second quarter: <ul style="list-style-type: none"> <li>· Meeting with the International Marketing Council on future partnership</li> <li>· Presentation on the national roll-out of the LHR made on behalf of South Africa to the Sub-Regional Workshop</li> <li>· Presentation on the LHR made to Minister's Consultative Meeting during the visit to the Eastern Cape. The meeting was attended by: <ul style="list-style-type: none"> <li>o the Mayor of Mbizana;</li> <li>o the Mayor of Ngquza Municipality;</li> <li>o the Mayor of OR Tambo Municipality;</li> <li>o the MEC of Arts and Culture in the Eastern Cape; and</li> <li>o other stakeholders</li> </ul> </li> <li>· NHC attended a DAC Convened New Growth Path Workshop and made contributions thereto.</li> </ul>
	National Framework for Provincial Chapters	Convene Quarterly Inter-Provincial and Provincial Chapters National Steering Committee Meetings	Minutes of the meetings and Production of a Framework for Provincial Chapters	9 Provincial chapters coordinated	Q2-4	Achieved: As at year end all LHR Provincial Summits had been held. The Gauteng Provincial Chapter Inaugural Meeting took place. The Western Cape Provincial Consultative Summit was held in Cape Town for a multi-stakeholder agenda setting discussions. The Provincial Project Management Offices (PMOs) are prioritised in the LHR Business Plan as the future institutional mechanisms for the implementation of the LHR.
	Convene Provincial Peer Review and Monitoring Workshops in each Province	Workshop Reports and Monitoring and Evaluation Reports	Number of Workshops and M&E Reports	Q2-4	Achieved: Workshops were held for presentations of Case Studies from sites in KwaZulu-Natal and the Eastern Cape. The sites are from: <ul style="list-style-type: none"> <li>· EThekweni Municipality (Dennis Hurley Site)</li> <li>· Umzinyathi Municipality (Nquthu Site); and</li> <li>· Nkonkobe Municipality (Tyume River Valley)</li> </ul>	

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	LHR Strategic Review and Resource Mapping Document	LHR Strategy Review and Resource Mapping Workshop	Approval of Consolidated Strategy, Institutional Review and Resource Mapping	Approved Strategy, Institutional Review and Resource Mapping	Q4	Not Achieved: Notwithstanding, the Business Plan Process Framework has been completed and adopted by the Heritage Committee, Council and submitted to the DAC MINMEC's Technical Team and The Outstanding cost estimates have been completed in the last quarter. However, the LHR Strategic Review will be completed in the new financial year owing to the delayed approval of the LHR Business Plan.
	LHR Marketing and Branding Strategic Plan	LHR Marketing and Branding Review Workshop	Approval of a LHR Marketing and Branding Strategic Plan	Approval of LHR Marketing and Branding Strategic Plan	Q1-2	<p>Partially Achieved: The following activities informed by the draft LHR BP Plan were undertaken during the last quarter of the year under review:</p> <ul style="list-style-type: none"> <li>Development and completion of the technical specifications for the Wiki-Website.</li> <li>Initial content and website layout has been completed by the service provider.</li> <li>Work on the setting up of the Wiki-Website domains and server commenced and would be completed in the next financial year.</li> <li>Marketing and Communication of the Liberation Heritage Route during the Minister's visit to the Eastern Cape and Mpumalanga Provinces and during the Western Cape LHR Summit.</li> </ul> <p>Completion of the Website is anticipated in the first quarter of the new financial year (2012/13).</p>
	Completed National Research Programme	Enter into research and knowledge partnerships with research institutions	One MOU in place per province	Signed MOU	Q2	Not fully achieved: Framework and Terms of Reference developed to be finalised and approved in the second quarter. Engagements with Universities to undertake research work has begun culminating in the signing of an MoU between the NHC and the University of Fort Hare on 15 December 2011.
		Undertake the next phase of the National Research Programme	Research Report and GIS Mapping	Phase 1 of GIS mapping completed	Q3	Not achieved: Subject to completion and approval of the TORs. Management Executive Committee of the NHC EXCO resolved at its meeting held on 07 March 2012 that the Second Phase of the Research work be done through the MoU signed with the University of Fort Hare and this has been prioritised in the new financial year 2012/13.

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Site by site Co-ordination Plan	Implement a province by province site co-ordination programme	Quarterly site by site reports	Reports produced	Quarterly	<p>Achieved: During the Heritage Month of September the following sites were visited as part of the Minister's Site visits in the Eastern Cape Province:</p> <ul style="list-style-type: none"> <li>· OR Tambo Site in Nkantolo (Mbizana - Eastern Cape);</li> <li>· Holy Cross and a meeting with the Ngquza Site and Veterans Committee;</li> <li>· Mandela Site in Mvezo;</li> <li>· Duncan Village Massacre Site;</li> <li>· Bisho Massacre Site;</li> <li>· Steve Biko Site;</li> <li>· Mxenge Site;</li> </ul> <p>The Minister also visited the Samora Machel Site in Mbuluzini in the Mpumalanga Province.</p>
	Heritage Month as a Liberation Heritage Month	Provincial Rallies and Educational Campaigns	Reports and Media Monitoring Reports	Number of Reports every quarter	Quarterly	<p>Achieved: NHC attended all DAC convened preparatory meetings. The NHC-proposed liberation heritage theme, "Celebrating Heroes and Heroines" was implemented across the country. LHR Unit participated in the extensive media interviews. Attempts to get rooster from the DAC futile.</p>
Nomination of the LHR as a World heritage Property	Develop a business plan for the nomination of LHR as a World Heritage Property	Business Plan approved by MEXCO and Council	Business plan	Approved integrated Business Plan	Q1	<p>Not Achieved: Presented to MEXCO but finalization was halted as there is a new directive from Cabinet for DAC and NHC to develop an Integrated Business Plan on LHR to be approved by the Inter-ministerial Committee and in line with the New Growth Path. Consultative meetings on the new Business Plan being developed by the appointed service provider were held and presentations on the nomination process made at the Stakeholders meeting held on 15 September 2011. Completion dependent on the approval of the Business Plan on LHR by the Cabinet which according to the DAC Work-Plan would be done in May 2012.</p>

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Participate in and contribute to NLHR Provincial Summits	Assist with the coordination of summits.  Attend the respective provincial	Coordinated the NW summit/Presented at the Summits/developed summit reports	Presentations of  Commission reports on nomination  North West Summit report	Q1/2	<p>Achieved: Presentations on the Nomination process was made at the NW Summit during the first quarter in a summit held on the 5<sup>th</sup>-6<sup>th</sup> April 2011: with the full Summit Report developed.</p> <p>In the second quarter, the presentation on the World Heritage Listing process and commission report was done in the Western Cape Summit held in Cape Town on 26-27 September 2011. Commission report on the discussions around nomination was developed</p>



## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Established national and regional/international partnerships for LHR.	Consultations with SADC countries/ UNESCO/Advisory Bodies/Regional entities	MOU with regional partners/ workshop reports/Mission Reports/ Training Reports.	Signed MOU and workshop Reports	Q1/2	<p>Achieved: Funds for workshop secured from AWHF and MoU signed between the Parties. The following activities also took place during the 2nd quarter:</p> <p>a) Engaging SADC countries</p> <p>Workshop hosted on the 16-18<sup>th</sup> August 2011 in Pretoria. Workshop report generated and circulated to participants. NHC implementation template in place to guide the implementation of workshop resolutions. Financial report being prepared.</p> <p>b) UNESCO; 35<sup>th</sup> Session</p> <p>NHC attended the 35<sup>th</sup> Session of the World Heritage Committee and made presentations to the Africa Group on LHR and attended parallel meetings during the session. Mission report generated and presented for approval by MEXCO.</p> <p>c) African Nomination Training Programme</p> <p>Two Officials of the NHC: The World Heritage Specialist and Heritage Education Coordinator attended the 2<sup>nd</sup> and final phase of the 2010/11 nomination training. LHR nomination presented and extensively discussed. Detailed recommendations on the nomination also made.</p>
	Setting Criteria and Reviewed Tentative List to be submitted to UNESCO by the Republic of South Africa.	Consultations with National and Provincial Heritage Institutions on nomination of LHR.	MOU with national and provincial partners.	Signed MOU	Q3	<p>Partially Achieved: The DAC brought together a Task Team comprised of NHC, DAC and SAHRA on 2012 Liberation Heritage Task Team and 2012 in the relevant quarter. Submission on the need for NHC to cooperate with SAHRA was developed, circulated and approved for implementation. The development of the New LHR Business Plan has overtaken the whole issue of engaging SAHRA which matter is now being coordinated through DAC.</p>

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		Engagement of Stakeholders to review tentative lists, and design criteria for nominating sites	Criteria for nominating LHR reviewed tentative list and aligned with thematic themes of LHR.	Approved Criteria	Q3/4	Not Achieved: The submission on the need for NHC and SAHRA to cooperate is expected to assist in the implementation of this activity and dependent on the approval of the priority sites on the business plan on LHR.
			Familiarization tours of LHR sites	Number of Tours quarterly	Q2/3	<p>Partially Achieved: The following sites on the tentative list were visited sites (technical reports submitted):</p> <ul style="list-style-type: none"> <li>· Steve Biko House</li> <li>· Church at No 15 Leopold street (King Williams)</li> <li>· Zanempilo Clinic</li> <li>· Samora Machel (Mbuzini)</li> </ul> <p>The sites visited that are not on the tentative list include:</p> <ul style="list-style-type: none"> <li>· Steve Biko Garden of remembrance</li> <li>· Steve Biko Statue</li> <li>· Steve Biko Bridge</li> </ul> <p>The reason for the non-completion of the tours in the year under review is that all focus and resources were redirected towards the finalisation of the Business Plan as an urgent one to be submitted to DAC. Further tours of Sites in the tentative list are deferred to the 2012/13 financial year. Full implementation dependent on the approval of the priority sites on the business plan on LHR.</p>
			TORs developed for respective technical teams.	Approved TORs	Q3/4	Not Achieved: Draft TORs are in place and the modalities of appointing a service provider with reasonable experience in nomination under the supervision of NHC was approved and part of the 2012/13 Strategic Plan.
			Stakeholder recommendations.	Record of Recommendations	Q3/4	Not Achieved: Implementation deferred to 2012/2013 financial year.

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Established national Operational Structure for the nomination process	Appointment of Provincial and National Technical members.	Provincial and National teams established		Q3/4	Not Achieved: Inter-ministerial Committee was set up by the Minister of DAC. The establishing of provincial chapters once done would pave way for the operational structures that should be linked to provincial projects offices.  Site by site Co-ordination Plan: A concept document on the inter-site meeting as part of the amended work plans for Quarter 4 (2011/12) has been developed. The holding of the inter-site meetings has been deferred to the 2012/13 financial year.
		Establishment of an Inter-ministerial Committee	Inter-ministerial committee established			
		Research: desktop and field based research in all provinces.	Trained technical teams on the WH listing process.	Training reports	Q3/4	Not Achieved: Awaits the appointment of service provider to undertake the research. Implementation deferred to 2012/13 financial year.
		Stakeholder consultations for Management Plans	Periodic Stakeholder reports.	Quarterly Reports		Not Achieved: Awaits the appointment of service provider to undertake the research. Implementation deferred to 2012/13 financial year.
	Data for the nomination file; dossier and management plans	Research: desktop and Field based research in all provinces.	<ul style="list-style-type: none"> <li>Data collection for WH nomination dossier.</li> </ul>	Complete and up to dated Database	Q3/4	Not Achieved: Awaits the appointment of service provider to undertake the research, but desktop research was carried out in the context of the preparing presentations for the Nomination Training Programme (Namibia), including the information gathered through the site visits and the concept of LHR developed by SADET.
		Stakeholder consultations.	<ul style="list-style-type: none"> <li>Periodic Field Research Reports; towards initiating draft nomination dossier.</li> <li>Periodic Stakeholder reports.</li> </ul>	Quarterly reports		

# Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
STRATEGIC OBJECTIVE (iv): Enhance Public Awareness, Education and Strategic Partnerships						
Consolidate relations with the media and external stakeholders	Media statements released, interviews and briefings conducted, opinion pieces placed.	· At least one media statement released per month	· Number of media statements released	At least 10 media statements released	Quarterly	Achieved: Media statements issued and covered for the period of July to September 2011: SADC Liberation Heritage Workshop (Aug), Minister's Liberation Visits, Critical Thinking Forum, Heritage Day Celebrations, Western Cape Liberation Summit, Ubuntu Honour Ceremony, Heritage Education Outreach, SATMA Awards (Sept - Oct).
		· At least one media interview conducted per planned project	· Number of media interviews conducted	At least one media interview conducted per project	Project by Project	Achieved: Media interviews were also conducted by various media with the CEO and other relevant project spokespersons.
		· At least two briefings conducted annually	· Number of briefings conducted	At least two media briefings conducted	Biannually	Achieved: A media briefing for the launch of the Heritage Month in September 2011 by the Minister, the CEO and other EC Political Heads was coordinated in King Williamstown.
		· At least one heritage media workshop conducted	· Number of workshops conducted	At least one workshop conducted	Q4	Not achieved: negotiations with the Institute for Advanced Journalism took longer than anticipated because of the complexity to develop a customised course that will be accredited before hosting the workshop.
		· Impact analysis reports of media coverage Assess impact of media reports in the sector	· Low percentage of negative media reports about the NHC	Monthly media monitoring reports produced	Monthly	Achieved: Media coverage was monitored specifically during the heritage month of September 2011 where key activities were undertaken.

## Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Create a comprehensive and coherent marketing framework	Adherence to the communications policy	Review the communications policy	Reviewed communication policy	Reviewed policy	Q1	Achieved: The Communication Policy and strategy was reviewed and tabled at the management, approved and is being implemented.
	Sponsorship branding policy	Facilitate the approval of the policy	Policy implemented	Policy implemented		
	Communications strategy	Review the current strategy and facilitate approval	Percentage implementation of the strategy	Strategy reviewed and implemented		
To engage the public through promoting heritage	Availability of current information and feedback platforms to internal and external stakeholders	Produce and distribute a biannual heritage focused magazine	The number of issues published and distributed annually	Magazine produced	Biannually	Not achieved: The production of the magazine was deferred and incorporated in the Strategy Framework of 2012-2013
		Produce a monthly internal newsletter	The number of issues published annually	Newsletter produced	Monthly	Partly achieved: Newsletter was designed but not completed for public distribution.
		Update the website and intranet regularly through a facilitated editorial committee	Monthly updates	Website updated	Monthly	Achieved: The website is updated on a monthly basis.
		Dissemination of information to external and internal stakeholders	Monthly circulation of communication to stakeholders through bulk email newsletters and mobile messaging	Information disseminated	Monthly	Achieved: The implementation has commenced - the contract with the service provider was signed and the stakeholder database was developed.
		Host a launch event and activations for the Culture Fridays campaign	<ul style="list-style-type: none"> <li>Number of launch and activation events hosted</li> <li>Number of publicity material distributed during heritage month</li> </ul>	<ul style="list-style-type: none"> <li>One Culture Fridays campaign implemented</li> <li>Heritage posters produced and distributed in print media</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Q2</li> </ul>	<ul style="list-style-type: none"> <li>Not achieved: The Culture Fridays campaign was reprinted due to lack of budget.</li> <li>Achieved: Heritage insert was produced and distributed as an insert in the Mail &amp; Guardian newspaper on 23 September 2011.</li> </ul>

# Performance Information

Strategic Initiatives	Output	Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Profile the image and identity heritage	Advertising and branding campaigns conducted	Conceptualize and engage relevant media for advertising campaigns of NHC projects	· Number of targeted advertising campaigns completed	One advertising campaigns coordinate per project	Q1	Achieved: Adverts were placed in print media (Sowetan, Mail & Guardian, The Star, Daily News, Business Day, Daily Dispatch, Cape Argus, The Public Sector Manager), broadcast media (SABC TV 1, 2 & 3). Online media (Brand South Africa, Mail & Guardian).
			· Number of branding concepts produced and maintained	One branding concept produced per project	Q2	Achieved: Branding concepts for the Ubuntu Honour Ceremony, Heritage Day Celebration messages, Heritage Education Outreach were completed and implemented.
Develop and implement plans on Heritage Education Outreach initiative	Organized schools and youth camp conducted with Heritage and Education Stakeholders	Engage all involved stakeholders, establish partnerships and develop joint implementation plans	<ul style="list-style-type: none"> <li>· MOUs in place</li> <li>· Periodic reporting on Stakeholder engagement and implementation of plans</li> </ul>	<ul style="list-style-type: none"> <li>· MOU's in place</li> <li>· Quarterly Stakeholder consultations and implementation reports:</li> </ul>		<p>Achieved: The following milestones have been recorded:</p> <ul style="list-style-type: none"> <li>· Provincial eliminations conducted successfully during the September month.</li> <li>· Education Outreach camp held from the 30<sup>th</sup> September to the 4<sup>th</sup> of October 2011. NHC was also invited by the winning school to address and formally hand over the books at a gathering attended by various stakeholder attended by DoBE and Corporate Sponsors. Final camp report submitted.</li> <li>· Draft MOU between NHC and DBE for 2012/13 developed.</li> <li>· Concept document, research questions, criteria for 2012/2013 circulated to stakeholders.</li> <li>· Host camp site inspections for 2012/13 conducted and a report with recommendations submitted.</li> <li>· Participated as adjudicator in Oral History Competition of DBE.</li> </ul>

# Performance Information

Strategic Initiatives		Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
<b>STRATEGIC OBJECTIVE (v): Enhance administration, governance and business processes</b>						
Establish, implement, and maintain good principles of accounting, and sound systems of internal controls	Enhanced governance, internal controls and risk management	Develop Materiality and Significance Framework	Materiality and Significance Framework developed and approved	Approved Framework	March 2012 Q1	Achieved (Q4): Framework approved by the Audit and Risk Committee in its meeting held on the 13th of February 2012 subject to proposed amendments by the committee.
		Review of risk management and fraud prevention strategies	Risk assessment and risk register	Approved risk registers	June 2011	Partially Achieved (Q4): Although completed, approval by the Audit and Risk Committee was still pending as at the end of the 4 <sup>th</sup> quarter. A Revised Risk Register had been included in the Agenda for the meeting held on 13 February 2012 for approval. However, due to the lengthy agenda the Audit and Risk Committee took a decision to defer all risk management items in the agenda to the next meeting which would take place in the first quarter of the 2012/13 financial year.
		Periodic Risk management reports to Risk Committee		Quarterly Reports	Quarterly	Achieved: Notwithstanding that quarterly reports on risk could not be developed since the risk assessment process was not completed due to internal challenges, the risk report was developed and tabled at Management Executive Committee Meeting which and adopted same during the third quarter. In the last quarter, the report was done and included in the Agenda for the meeting held on 13 February 2012 for consideration by the Audit Committee. However, due to the lengthy agenda the Committee took a decision to defer all risk management items in the agenda for the next meeting which would be taking place in the first quarter of the 2012/13 financial year.

## Performance Information

Strategic Initiatives		Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions	
		Review financial policies and procedures	Reviewed financial policies and procedures	Approved Policies	Q1  March 2012	Achieved: The annual policies review process for 2010/11 as deferred to 2011/12 has been completed. Policies and procedures were approved and signed off by the Accounting Officer and Interim Accounting.  Cancelled: The policy review process as proffered above was concluded in the 1 <sup>st</sup> quarter and approved previewed policies approved by the interim Accounting Officer in July 2011. The initially scheduled 4 <sup>th</sup> quarter review will no longer be necessary and justifiable as the recently approved reviewed policies will be at that time six (6) months old. Another policy review six (6) months to the end of the financial year would be an unwarranted and unjustifiable exercise.	
		Adequate accounting principles in line with accounting standards and financial legislative framework	Preparation and submission of Annual Financial Statements which comply with accounting standards and PFMA	Annual Financial Statements	On time submission	May 2011	Achieved: Annual Financial Statements 2010/11 in both GRAP and National Treasury Template prepared, approved by MEXCO on 17 <sup>th</sup> May 2011, reviewed by the Audit and Risk Committee during its meeting on 21 May 2011, and finally submitted to the Auditor General, National Treasury on the 31 May 2011 in compliance with PFMA. The NHC has complied in full without exceptions in areas pertaining to the Annual Financial Statements 2011/12.
				Unqualified financial opinions	Unqualified audit opinion on financials	July 2011	Achieved: Audit Report 2010/11 received from the AG during the quarter under review and an unqualified audit opinion has been achieved.
		Compliance with DAC reporting requirements on Financial information and PFMA	Preparation and submission of Financial and PFMA reports as required by the Department of Arts and Culture	Financial and PFMA reports	On time submission (One month after the end of each quarter)	Quarterly	Achieved: Financial Reports for all the quarters of the year under review were done and submitted to the Department of Arts and Culture within the stipulated deadline of 30 days after the end of each quarter together with Performance Information.



## Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
To ensure that the NHC resources are utilised economically, efficiently and effectively	MTEF Budget Plan	Effective budget planning processes	Completion and submission of ENE Template	On time submission	As per National Treasury determined deadline (to be communicated)	Achieved: As per the communiqué received from the DAC during July 2011 and the MTEF ENE template was completed and submitted to the Department during the second quarter on 10 August 2011. Further communication was received from the Department and National Treasury on 25 <sup>th</sup> November 2011 for one more ENE database completion and submission. The said required ENE database was completed and submitted by the specified due date in the third quarter on 02 December 2011.	
			Final next financial year's budget	2012/13 budget plan	March 2012  Q1	Achieved: The 2012/13 budget plan was done and endorsed by the Management Executive Committee during its meeting held on the 7 <sup>th</sup> of March 2012 subject to incorporation and allocation of 2011/12 roll - overs. The 2011/12 budget was finalised and approved during the first quarter of the year under review (2011/12).	
		Budget and expenditure in year monitoring and reporting	Managed and monitored performance as per budget plan through Management Account	Monthly	Monthly Management Accounts	Achieved: Management Accounts were prepared and issued monthly in all the quarters of the year under review.	

## Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
To ensure that the NHC has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective	Adherence to supply chain management protocols	Annual review of the SCM policy and procedures	Reviewed SCM policy and procedures	Approved Policies and Procedures	Q1	Achieved: The annual policies review process for 2010/11 as deferred to 2011/12 has been completed. Policies and procedures were approved and signed off by the Accounting Officer and Interim Accounting.	
					March 2012	Cancelled: The SCM policy review process as proffered above was concluded in the 1 <sup>st</sup> quarter and approved. Reviewed policies were approved by the interim Accounting Officer in July 2011. The initially scheduled 4 <sup>th</sup> quarter was deemed no longer necessary and justifiable as the recently approved reviewed SCM policy was at that time six (6) months old and still relevant and applicable. The plan to conduct another SCM policy review six (6) months into the financial year was thus deemed unwarranted and unjustifiable.	
		Enforce constant compliance and implementation of SCM policies and procedures, and other SCM requirements as issued by National Treasury from time to time.	Regular reporting on identified non compliance cases	Monthly	Monthly	Achieved: For the quarter under review there had not been any major non - compliance incidents identified and reported, except for the irregular and fruitless expenditure as would appear in the developed register.	
			Registered Practice Notes and Circulars issued by National Treasury	100% registered & filed practice notes and seculars per Month	Ongoing	Achieved: The register has been developed for all SCM Circulars, Instruction Notes, and Practice Notes issued by National Treasury and updated regularly throughout the year under review.	
	Register of Irregular and Fruitless expenditure	100% registered Monthly irregular & fruitless expenditure	Ongoing	Achieved: Register for Fruitless and Wasteful Expenditure for 2011/12 developed and updated regularly throughout the year under review.			

## Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
	Provide real time information using technology in support of decision making processes	Adequate and secure information management system	Annual review of IT policies and procedures to align to best practice and relevant legislation	Reviewed IT policies and procedures	Approved policies	Q1  March 2012	<p>Achieved: The annual policies review process for 2010/11 as deferred to 2011/12 has been completed. Policies and procedures were approved and signed off by the Accounting Officer and Interim Accounting.</p> <p>Cancelled: The IT policies review process as proffered above was concluded in the 1<sup>st</sup> quarter and approved reviewed policies approved by the interim Accounting Officer in July 2011. The initially scheduled 4<sup>th</sup> quarter review was deemed unnecessary and unjustifiable as the recently approved reviewed SCM policy would have been six (6) months old at the time and still relevant and applicable. The plan to conduct another IT policy review six (6) months into the financial year was thus deemed unwarranted and unjustifiable.</p>

## Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Improve organisational performance by attracting, retaining and developing competent employees for the NHC.	Culture of performance	Implementation of the approved Performance Management System	Periodic reports on implementation	Biannual reports	Q2 and Q4	Achieved: Reports submitted in the second and fourth quarters.	
		Effective Human Capital Management	Managed Human Capital	100% achievement of HR strategy milestones	Quarterly	<p>The following report can be made:</p> <p>a) Partially achieved (HR Policies Review): completion and approval of reviewed policies deferred from last year. A draft has been submitted and a workshop to review the draft held in the August 2011. Two workshops to solicit further inputs from employees. Reviewed policies were tabled at the Corporate Services Committee on 18 February 2012. Only 19 policies were adopted by the Committee and recommended for Approval by the Accounting Authority at the Council meeting held on 23 March 2012.</p> <p>b) Achieved (Reviewed and approved organisational Structure): Draft structure submitted in May 2011 and further inputs from Management consolidated. Additional profiles on the reviewed structure finalised and final structure approved by the Interim Accounting Authority during the Second Quarter.</p>	

# Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
							<ul style="list-style-type: none"> <li>c) Training and development: Achieved: The Training Plan was completed and a full workplace skills Plan done and submitted to PSETA in the first quarter on 30 June 2011.</li> <li>d) One employee of the NHC attended courses in Namibia and Kenya in October and December 2011 respectively.</li> </ul>
	Adhere to Corporate Governance Imperatives, and Legislative and regulatory compliance	Record of all Governance Structures Meetings	Develop and Implement a Schedule of Council and Committee Meetings	<ul style="list-style-type: none"> <li>· Council and Committee Plan approved by Council</li> <li>· All year implementation of the plan</li> </ul>	Approved Plan  100% achievement of plan	Q1	<p>Achieved: A meeting Calendar was tabled in Council Meeting held on the 26 October 2011 and was revised to accommodate recently established committees.</p> <p>Achieved: The following milestones have been recorded:</p> <ul style="list-style-type: none"> <li>a) Special Audit Committee meetings with the first one held on 21 May 2011 and the second one on 27 July 2011.</li> <li>b) Ordinary Audit &amp; Risk Committee meeting held on 13 February 2012</li> <li>c) Council Meetings: Council Induction workshop and meetings held on 25 &amp; 26 October 2011 on 24 November 2011 and on 23 March 2012 respectively.</li> <li>d) Other Council Committees in line with the revised meeting Schedule:                             <ul style="list-style-type: none"> <li>i. Heritage Committee: Meeting was held on the 17 February 2012</li> <li>ii. Corporate Services Committee: Meeting was held on the 18 February 2012</li> </ul> </li> </ul>

## Performance Information

Strategic Initiatives		Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
		Induction / training of the Council	Training on Corporate Governance for Council	Council Training report	Q1	Achieved: Induction conducted for the new Council in conjunction with the Department of Arts and Culture on 25 October 2011.
		Review of Council Charter	Council Charter adopted by Council	Adopted Council charter	Q2	Partially Achieved: Council Charter tabled at the Council Meeting held on 23 March 2012 but Council did not approve the Charter pending the Workshop planned for May 2012 in the new Financial year.
		Review of NHC Code of Conduct and Ethics	Code adopted by Council	Adopted council code	Q2	Achieved: Tabled and adopted at the Council Meeting held on the February 2012.
		Develop Governance Assessment Tool	Assessment Tool adopted by Council	Adopted council Assessment tool	Q2	Not achieved: Planned to be tabled in the Council Meeting that had been scheduled for 23 March 2012 but deferred by Council to the 2012/2013 financial year.
		Review of Committee's Terms of reference	TOR of Committees adopted by Council	Adopted TORS	Q2	Partially Achieved: Heritage and Corporate Services Committee Charters / TORs have been reviewed and adopted in the meetings held on 17 and 18 February 2012 respectively. These were approved by Council on 23 March 2012.
	Implementation of the Legislative Compliance Matrix	Quarterly monitoring of Legislative Compliance Matrix	Report to MEXCO and Council	Quarterly Compliance report	Quarterly	Not Achieved: Deferred to new financial year 2012/13.
		Quarterly Updates and summaries of legislative changes	Report to MEXCO AND Council	Quarterly legislation report	Quarterly	Not Achieved: Deferred to new financial year 2012/13.

## Performance Information

Strategic Initiatives			Activities	Performance Measurement	Performance Target for the year 2011/12	Timeline	Progress against targets for the quarter, challenges, and strategic interventions
Management of NHC legal environment	Implementation of the Contract Management Framework	Quarterly monitoring of compliance	Report to MEXICO and Audit Committee	Quarterly Compliance report	Quarterly	Not Achieved: Deferred to new financial year 2012/13.	
	Review of NHC Act	Benchmarking with other legislations Report & Proposals for the review of NHC Act		Annual benchmark report Annual Legislation report			

# Section Three

Corporate Governance



Picture: The fifth recipient of the annual Ubuntu Honour since 2006 went to Mama Winnie Madikizela-Mandela in 2011. She received at a ceremony in Gauteng. Seen here with Mr Fikile Mbalula (Minister of Sport and Recreation), Mr John Kani (Renowned Playwright), Adv. Sonwabile Mancotywa (CEO of NHC), Ms Zenani Mandela (daughter of Winnie Mandela) and Dr Joe Phaahla (Deputy Minister of Arts and Culture).



# CORPORATE GOVERNANCE

This report, informed by the Constitutive Act, the National Heritage Council Act of 1999, The Cultural Institutions Act of 1998, the Public Finance Management Act 1 of 1999 ( PFMA) and the dictates of the King III Report, addresses the conformance of the National Heritage Council (NHC ) to the relevant statutory and regulatory imperatives. The NHC is classified as a Schedule 3A Public Entity which by law is required to prepare and submit Annual Financial Statements which incorporate a corporate governance report.

The Members of Council and Senior Management of the NHC endorse the Code of Corporate Practices and conduct contained in the King III Report on Corporate Governance and the Protocol on Corporate Governance in the Public Sector. By supporting the Code, the Members of Council have recognised the need to conduct the NHC's affairs with integrity and in accordance with the generally accepted corporate practices.

## CORPORATE STRUCTURE

### Appointment and composition of the Council

The Minister of Arts and Culture and the MEC's responsible for Arts and Culture at provincial levels are charged with the appointment of members of Council in terms of section 5(1)(a) and (b) of the NHC Act respectively. Acting in terms of section 5(1)(a)and (c), the Minister appoints 5 members of the public to serve in the Council and Chairpersons of South African Heritage Resources Agency, the National Archives Commission, the Heraldry Council, the Board of National Library, Council Of Northern Flagship Institution, the Council of Southern Flagship Institution and any other body/ institution the Minister considers relevant whilst the MEC's appoint 9 members to represent each of their provinces.

In the year under review, the Minister of Arts and Culture, the Honourable Paul Mashatile appointed nine (9) members in

terms of section 5(1)(a) and section 5(1)(c) and only six(6) MEC's had appointed representatives to the Council. The provinces represented in the year under review are Eastern Cape, North West, Western Cape, Mpumalanga, Free State and Limpopo. Those that had not made the requisite appointment during the year under review are Gauteng, KZN and Northern Cape.

The said Council's term of office is from the 01 October 2011 to 31 October 2014.

### Role and function

The Council plays an oversight role to the executive by providing strategic direction, ensuring conformity with the strategic plans and objectives, monitoring of operational performance of the organisation. The Council is the highest decision making body insofar as approval of policies, annual budget, strategy plans and appointment of the CEO are concerned.

The Chief Executive Officer has been delegated the responsibility of the day-to-day management of the affairs of the Council in terms of section 11(1)(a)(i) of the NHC Act. The Chief Executive Officer has assumed responsibility for the effective management of the NHC and the implementation of the strategy, policy and Council directives.

Section 8 of the NHC Act empowers the Council, at its discretion to establish committees to assist it in the performance of its functions and, in addition to any members, it may appoint to such committees, persons whom the Council considers competent or possess the specific skills and expertise. Acting in terms thereof, the Council established the following committees that operated within the terms of reference that were approved by Council:

- a) Audit and Risk Committee
- b) Heritage Committee

- c) Corporate Services Committee
- d) International Relations Committee
- e) Fundraising, Promotion, Marketing & Awareness Committee

### Audit and risk committee

The NHC has an effective Audit and Risk Committee which consists of five members, three of whom are independent non-executive member, one of which is the Chairperson and two non -executive members appointed from the Council.

As per its Charter, the Audit and Risk Committee meets at least four times a year but may meet more frequently when necessary to address specific matters.

### THE INTERNAL AUDIT FUNCTION

The internal audit function in the NHC is outsourced to Outsourced Risk and Compliance Assessment (ORCA). In line with the requirements of the PFMA, King III and Internal Audit Charter, the Internal Audit provided the Audit and Risk Committee and Management with assurances of the appropriateness and effectiveness of internal controls that are put in place. The internal audit function further provided the NHC with an independent, objective appraisal and evaluation of risk and management, evaluation of internal processes and control systems, governance processes, as well as identification of corrective action and suggested enhancements to controls and processes.

### INVESTIGATIONS

During the course of the year under review, there was an investigation conducted by the Special Investigating Unit (SIU). The NHC is awaiting a report on the SIU investigation

# Section Four

Annual Financial Statements



The recently renovated Waaihoek Wesleyan Church in Bloemfontein has become one of the iconic heritage symbols that signify the formation of the South Africa's oldest liberation movement in 1912



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# REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2012

We are pleased to present our report for the financial year ended 31 March 2012.

## Audit Committee Members and Attendance

The National Heritage Council has an audit committee structure which operates in terms on 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 three (3) audit committee meetings were held and attended as follows:

Name of Member	Number of meetings attended
1. Mr L Mbekeni (External Member)	3
2. Mr ZL Fihlani (External Member)	3
3. Mr S Mda (External Members)	2
4. Mr R Ledwaba (Council Member)*	1
5. Adv B Madumise ( Council Member)*	1

\* Appointed in November 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 requirements of the King III Report on Corporate Governance, 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 identifications 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, no 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 Officer 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 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's in its audit.

## Auditor General

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



-----  
**Mr. ZL Fihlani**  
**Chairperson of the Audit Committee**  
**Date 06 August 2012**

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of the National Heritage Council set out on pages 47 to 81, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The Council which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority 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. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.
4. 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.

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

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Heritage Council as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### Predetermined objectives

7. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 11 to 38 of the annual report.
8. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

9. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

#### Additional matter

10. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

### **Achievement of planned targets**

11. Of the total number of planned targets, only 52 (number of targets) were achieved during the year under review. This represents 43% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process..

### **Compliance with laws and regulations**

12. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

### **Expenditure management**

13. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure as per the requirements of section 51(1)(b)(ii) of the Public Finance Management Act.

### **Procurement and Contract management**

14. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations as required by Treasury Regulation 16A6.1.

### **Internal control**

15. We considered internal control relevant to our audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### **Financial and performance management**

16. The National Heritage Council management did not adequately ensure that established policies and procedures were adhered to for some procurement of goods and services.

### **OTHER REPORTS**

#### **Investigations**

17. There is currently an investigation into alleged supply chain irregularities performed by the Special Investigations unit. This investigation is still in progress as at the date of this report.

*Auditor-General*

Auditor-General  
Pretoria  
31 July 2012



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 2012 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 26 May 2012.



ADV. S. MANCOTYWA  
CHIEF EXECUTIVE OFFICER



MR. MXOLISI ZWANE  
CHAIRPERSON OF COUNCIL

## STATEMENT OF FINANCIAL POSITION

	NOTES	2012 R '000	2011 R '000
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables from exchange transactions	4	77	43
Receivables from non- exchange transactions	5	1,824	3,446
Prepayments and advances	6	3,391	4,172
Cash and cash equivalents	8	12,582	6,368
<b>Assets classified as held for sale</b>	7	<b>26</b>	-
		<b>17,900</b>	<b>14,029</b>
<b>Non-current assets</b>			
Property, plant and equipment	2	1,011	1,077
Intangible assets	3	71	76
<b>Total Assets</b>		<b>18,982</b>	<b>15,182</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	9	429	2,757
Deferred income/unused conditional grants/transfers and receipts	10	3,685	610
Finance lease obligation	11	100	82
Provisions	12	450	333
Performance Bonuses	13	1,489	1,363
<b>Non-current liabilities</b>		<b>185</b>	<b>285</b>
Finance lease obligation	11	185	285
<b>Total Liabilities</b>		<b>6,338</b>	<b>5,430</b>
<b>TOTAL NET ASSETS</b>		<b>12,644</b>	<b>9,752</b>
Accumulated Surplus		12,644	9,752
<b>NET ASSETS</b>		<b>12,644</b>	<b>9,752</b>



## STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2012 R '000	2011 R '000
<b>REVENUE</b>		<b>52,771</b>	<b>68,229</b>
<b>Non-exchange revenue</b>		<b>52,308</b>	<b>67,854</b>
Government Grant/Transfer - Department Arts and Culture	14	47,323	46,665
Amortised Government Grants/Transfers - Other	15	962	3,141
Amortised Government Grants/Transfers - National Lottery	15	4,023	18,048
<b>Exchange revenue</b>		<b>463</b>	<b>375</b>
Other income	16	2	38
Interest received	17	461	337
<b>TOTAL EXPENSES</b>		<b>(49,879)</b>	<b>(62,103)</b>
Operating expenses	18	(15,570)	(32,912)
Administrative expenses	19	(16,806)	(13,005)
Employee related costs	20	(15,674)	(14,376)
Operating lease expenses	21	(1,100)	(1,093)
Finance costs	22	(210)	(185)
Depreciation	23	(468)	(456)
Amortisation	24	(51)	(76)
<b>SURPLUS FOR THE PERIOD</b>		<b>2,892</b>	<b>6,126</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>2,892</b>	<b>6,126</b>
<b>Attributable to:</b>			
Owners of the controlling entity		2,892	6,126
Minority interest		-	-
		<b>2,892</b>	<b>6,126</b>

STATEMENT OF CHANGES IN NET ASSETS

	<b>Accumulated Surplus</b>	<b>Total Net Assets</b>
	<b>R '000</b>	<b>R '000</b>
<b>Balance at 1 April 2010</b>	<b>3,626</b>	<b>3,626</b>
Surplus for the period	6,126	6,126
<b>Balance at 31 March 2011</b>	<b>9,752</b>	<b>9,752</b>
Surplus for the period	2,892	2,892
<b>Balance at 31 March 2012</b>	<b>12,644</b>	<b>12,644</b>

## CASH FLOW STATEMENT

	NOTES	2012 R '000	2011 R '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CASH RECEIPTS</b>			
Government Grant/Transfer – Department of Arts and Culture	14	47,323	46,665
Other Receipts		2	44
Amortised Government Conditional Grants/Transfers		10,882	8,000
Interest Received		412	306
		<b>58,619</b>	<b>55,015</b>
<b>CASH PAID TO SUPPLIERS AND EMPLOYEES</b>			
Employee Related Costs		(14,010)	(13,879)
Suppliers		(37,627)	(41,908)
Interest Paid	22	(210)	(185)
		<b>(51,847)</b>	<b>(55,972)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>6,772</b>	<b>(957)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Property, plant and equipment	2	(430)	(276)
Acquisition of Intangible assets	3	(46)	(78)
		<b>(476)</b>	<b>(354)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for finance lease		(82)	(55)
		<b>(82)</b>	<b>(55)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS</b>		<b>6,214</b>	<b>(1,366)</b>
Cash and Cash Equivalents at the beginning of the period		6,368	7,734
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>12,582</b>	<b>6,368</b>

## ACCOUNTING POLICIES

### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

### ACCOUNTING POLICIES

The cash flow statement can only be prepared in accordance with the direct method. Accounting policy developments include new standards issued, amendments to standards, and interpretation issued on new standards. These developments resulted in the first time adoption of new standards, the restatement of prior year where applicable. Management assessed the impact of all new standards issued, amendments to standards, and interpretations issued on current standards.

#### Effect of new Standards of GRAP issued

At the date of approval of these financial statements, the following standards, applicable to the NHC 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

- GRAP 21 - Impairment of Non - Cash - generating Assets
- GRAP 23 - Revenue from Non Exchange Transactions (Taxes and Transfers)
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 26 - Impairment of Cash - generating Assets
- GRAP 103 - Heritage Assets
- GRAP 104 - Financial Instruments

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

- GRAP 18 - Segment Reporting
- GRAP 25 - Employee Benefits
- GRAP 20 - Related Parties Disclosures
- GRAP 105 - Transfer of Function between Entities under Common Control
- GRAP 106 - Transfer of Function between Entities not under Common Control
- GRAP 107 - Mergers

### 1.1 Basis of Preparation

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

### 1.2 Property, Plant and Equipment

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

- it is probable that future economic benefits associated with the item will flow to the Council; and
- the cost of the item can be measured reliably.

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

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The 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%)

## ACCOUNTING POLICIES

### 1.2 Property, Plant and Equipment (continued)

Item	Rate
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.

### 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.

## ACCOUNTING POLICIES

### 1.4 Financial Instruments (continued)

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.

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 in settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

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

### 1.10 Revenue from Non-Exchange Transactions

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

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

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

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

### 1.11 Revenue

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

*Revenue is also recognised as follows:*

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

### 1.12 Comparative figures

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

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

## ACCOUNTING POLICIES

### 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.

### 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



## ACCOUNTING POLICIES

### 1.16 Judgments made by Management (continued)

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.

### 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, National, Provincial and Local 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 Council Members, 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.

### 1.21 Contingent Liabilities

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

### 1.22 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable.

These assets are stated at the lower of carrying amount and fair value less costs.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**2. PROPERTY, PLANT AND EQUIPMENT****2012**

	<b>Leasehold property</b>	<b>Furniture and Fittings</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>IT Equipment</b>	<b>Leased assets</b>	<b>TOTAL</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
<b>Opening Balances</b>							
Cost	334	1,155	142	334	544	465	2,974
Accumulated depreciation	(286)	(798)	(142)	(235)	(300)	(136)	(1,897)
<b>Carrying amount</b>	<b>48</b>	<b>357</b>	<b>-</b>	<b>99</b>	<b>244</b>	<b>329</b>	<b>1,077</b>
<b>Movements during the year</b>							
Additions	-	43	244	58	120	-	465
Derecognition	-	-	-	(7)	(57)	-	(64)
Depreciation	(48)	(115)	(8)	(33)	(171)	(93)	(468)
<b>Closing balances</b>							
Cost	334	1,194	244	329	457	465	3,023
Accumulated depreciation	(334)	(909)	(8)	(211)	(321)	(229)	(2,012)
<b>Carrying amount</b>	<b>-</b>	<b>285</b>	<b>236</b>	<b>118</b>	<b>136</b>	<b>236</b>	<b>1,011</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**2. PROPERTY, PLANT AND EQUIPMENT (continued)**

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
<b>Opening Balances</b>							
Cost	265	1,145	142	315	597	341	2,805
Accumulated depreciation	(265)	(691)	(142)	(191)	(299)	(64)	(1,652)
<b>Carrying amount</b>	<b>-</b>	<b>454</b>	<b>-</b>	<b>124</b>	<b>298</b>	<b>277</b>	<b>1,153</b>
<b>Movements during the year</b>							
Additions	69	37	-	22	147	125	400
Derecognition	-	(1)	-	(1)	(17)	-	(19)
Depreciation	(21)	(133)	-	(46)	(184)	(72)	(456)
<b>Closing balances</b>							
Cost	334	1,155	142	334	544	465	2,974
Accumulated depreciation	(286)	(798)	(142)	(235)	(300)	(136)	(1,897)
<b>Carrying amount</b>	<b>48</b>	<b>357</b>	<b>-</b>	<b>99</b>	<b>244</b>	<b>329</b>	<b>1,077</b>

Property, plant and equipment includes historical assets at nil or R1 values, which are fully depreciated but 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 register reconciles to Note 2.

The National Heritage Council received non-monetary donation in respect of depreciable assets which are allocated to the income over the period of depreciation (Refer to Note 10).

Included in additions for 2011/2012 financial year is trade in amount of R 35,000.00 in respect of Motor Vehicle.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>3. INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
Opening Balance (Cost)	290	212
Opening balance (Accumulated Amortisation)	(214)	(138)
<b>Carrying Amount (Opening Balances)</b>	<b>76</b>	<b>74</b>
Additions	46	78
Amortisation (During the year)	(51)	(76)
<b>Carry Amount (Closing Balances)</b>	<b>71</b>	<b>76</b>
<b>4. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Sundry Debtors	6	6
Staff Debtors	22	6
Interest receivable	49	31
<i>Financial assets</i>	<b>77</b>	<b>43</b>
<b>5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Conditional Grant/Transfer Receivable – Department of Arts and Culture (Ubuntu Awards)	624	-
Conditional Grant/Transfer Receivable - National Lottery (Deferred)	1,200	3,446
<i>Financial assets</i>	<b>1,824</b>	<b>3,446</b>
<b>6. PREPAYMENTS AND ADVANCES</b>		
Deposit for rent	104	82
Prepayments and advances	3,287	4,090
	<b>3,391</b>	<b>4,172</b>
<b>7. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Assets to be disposed of are as follows:		
IT Equipment	19	-
Office Equipment	7	-
	<b>26</b>	<b>-</b>

Assets are stated at carrying amount.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R '000</b>	<b>R '000</b>
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1	1
Cash at bank	1,886	392
Funds held on call deposit	10,695	5,975
<i>Financial assets</i>	<b>12,582</b>	<b>6,368</b>
<b>9. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
<i>Financial liabilities</i>	<b>429</b>	<b>2,710</b>
Trade payables	397	2,466
Salary related payables	32	244
<i>Other Payables</i>		<b>47</b>
Operating lease payables	-	<b>47</b>
	<b>429</b>	<b>2,757</b>

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>10. DEFERRED INCOME/UNSPENT CONDITIONAL GRANTS/TRANSFERS</b>		
<b>Balance at the beginning of the year</b>	<b>610</b>	<b>10,142</b>
Non - current assets	8	11
Conditional Grants/Transfers - Department of Arts and Culture	602	3,740
Conditional Grants/Transfers - National Lottery	-	6,391
<b>Movement during the year - Receipts</b>	<b>11,506</b>	<b>8,211</b>
Conditional Grants/Transfers - Development Bank of Southern Africa	101	-
Conditional Grants/Transfers - Department of Arts and Culture	624	-
Conditional Grants/Transfers - National Lottery	10,781	8,211
<b>Movement during the year - Recognised</b>	<b>(8,431)</b>	<b>(17,743)</b>
Non - current assets	(3)	(3)
Conditional Grants/Transfers - Development Bank of Southern Africa	(101)	-
Conditional Grants/Transfers - Department of Arts and Culture	(858)	(3,138)
Conditional Grants/Transfers - National Lottery - Revenue	(7,469)	(14,602)
<b>Balance at year end</b>	<b>3,685</b>	<b>610</b>
Non - current assets	5	8
Conditional Grants/Transfers - Development Bank of Southern Africa	-	-
Conditional Grants/Transfers - Department of Arts and Culture	368	602
Conditional Grants/Transfers - National Lottery - Revenue	3,312	-
Long term portion	-	-
Short term portion	3,685	610
	<b>3,685</b>	<b>610</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>11. FINANCE LEASE OBLIGATION</b>		
<b>Minimum Lease payments due</b>		
- Within one year	334	295
- In second to fifth year inclusive	471	805
	<b>805</b>	<b>1,100</b>
<b>Less:</b> Future finance charges	(520)	(733)
	<b>285</b>	<b>367</b>
<b>Present value of future minimum lease payments</b>		
<b>Present value of minimum lease payments due</b>		
- Within one year	100	82
- In second to fifth year inclusive	185	285
	<b>285</b>	<b>367</b>
Long-term portion of finance lease obligation	185	285
Current portion of finance lease obligation	100	82
	<b>285</b>	<b>367</b>

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) photocopier machines and one (1) photocopier 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

	2012 R '000	2011 R '000
<b>12. PROVISIONS</b>		
<b>Opening balances</b>		
Leave provision	333	275
<b>Additions</b>		
Leave provision	450	333
<b>Utilised</b>		
Leave provision	(24)	(58)
<b>Reversed</b>		
Leave provision	(309)	(217)
<b>Closing balances</b>		
Leave provision	450	333
	<b>450</b>	<b>333</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R '000	2011 R '000
<b>13. PERFORMANCE BONUSES</b>		
<b>Opening balances</b>		
Performance Bonuses	1,363	987
<b>Additions</b>		
Performance Bonuses	1,489	1,363
<b>Utilised</b>		
Performance Bonuses	(1,363)	(987)
<b>Closing balances</b>		
Performance Bonuses	1,489	1,363
	<b>1,489</b>	<b>1,363</b>
<b>14. GOVERNMENT GRANT/TRANSFER</b>		
Grant/Transfer received – Department of Arts and Culture	47,323	46,665
	<b>47,323</b>	<b>46,665</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>15. AMORTISED CONDITIONAL GRANTS/TRANSFERS</b>		
<b>AMORTISED GRANT/TRANSFER - OTHER</b>		
Non - current assets - Itec Finance (Pty) Ltd	3	3
Department of Arts and Culture (Funded Projects)	302	3,138
Department of Arts and Culture (Ubuntu 2011)	556	-
Conditional Grant/Transfer Development Bank of S.A	101	-
	<b>962</b>	<b>3,141</b>
<b>AMORTISED GRANT/TRANSFER - NATIONAL LOTTERY</b>		
National Lottery - Special projects	4,023	18,048
	<b>4,023</b>	<b>18,048</b>
<p>Received a final tranche of R 10,781,422 from National Lottery Distribution Trust Fund during current financial year which R 3,445,931.56 related to prior year receivables from non-exchange and R 4,022,934.54 relates to current year subsidy to which conditions are attached are recognised as revenue in the Statement of Financial Performance to the extent that the National Heritage Council has complied with conditions or obligations embodied in the agreement and R 3,312,555.90 to the extent that the conditions and obligations have not been met, a liability is raised in the Statement of Financial Position.</p>		
<b>16. OTHER INCOME</b>		
Sundry Income	2	38
	<b>2</b>	<b>38</b>
<p>The National Heritage Council received sundry income from the sale of bid tender documents.</p>		
<b>17. INTEREST RECEIVED</b>		
Interest revenue	461	337
	<b>461</b>	<b>337</b>

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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>18. OPERATING EXPENSES</b>		
Legal fees	618	210
Entertainment expenses	110	120
Heritage projects and programmes	14,554	32,231
Staff training and development	205	311
Maintenance, repairs and running costs	83	40
	<b>15,570</b>	<b>32,912</b>
<b>19. ADMINISTRATIVE EXPENSES</b>		
General and Administrative expenses	13,017	10,595
Loss on assets derecognised	3	19
Travel and Accommodation	3,786	2,391
	<b>16,806</b>	<b>13,005</b>
<b>20. EMPLOYMENT RELATED COSTS</b>		
Basic salaries	11,463	9,313
Overtime	20	12
Employees contributions - Provident Fund	1,015	1,515
Employees contributions - UIF	36	35
Leave provision and bonus	1,632	1,479
Council contributions - Provident Fund	1,015	1,515
Council contributions - UIF	36	35
Council contributions - SDL	132	118
Council contributions - Medical Aid	325	354
	<b>15,674</b>	<b>14,376</b>
<b>21. OPERATING LEASE EXPENSES</b>		
Office space	1,006	1,006
Parking	94	87
	<b>1,100</b>	<b>1,093</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>22. FINANCE COSTS</b>		
Interest Paid (Bank)	1	1
Interest paid on leased assets	209	184
	<b>210</b>	<b>185</b>
<b>23. DEPRECIATION</b>		
Motor vehicles	8	-
IT equipment	171	184
Office equipment	33	46
Furniture and fittings	115	133
Leasehold improvement	48	21
Leased assets - office equipment	93	72
	<b>468</b>	<b>456</b>
<b>24. AMORTISATION</b>		
Computer software	51	76
	<b>51</b>	<b>76</b>
<b>25. OPERATING LEASES</b>		
The National Heritage Council renewed a rental agreement with the Broll Property Group, effective 1 April 2012. The lease contract is for 24 months at a cost of R 1,231,802 per annum, escalating at 9% per annum.		
<b>Lease commitments (operating leases)</b>		
Up to one year	1,232	1,093
Later than one year and not later than 5 years	1,343	-
	<b>2,575</b>	<b>1,093</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>26. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
Surplus for the year	2,892	6,126
<b>Adjustments for:</b>		
Depreciation	468	456
Amortisation on intangible assets	51	76
Movement in provisions and bonuses	243	434
Other non-cash items	3	19
<b>Changes in working capital:</b>		
Trade and other receivables	1,588	(3,417)
Prepayments and advances	781	4,314
Trade and other payables	(2,328)	567
Deferred income/Unspent conditional grants/transfers	3,074	(9,532)
	<b>6,772</b>	<b>(957)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R'000	2011 R'000
<b>27. RELATED PARTIES</b>		
Related party transactions (Receipts)		
1. Grant/Transfer – Recurring expenditure (Department of Arts and Culture)	47,323	46,665
Conditional Grant/Transfer (Department of Arts and Culture)	624	-
2. National Lottery Distribution Trust Fund	10,781	8,211
3. Conditional Grant/Transfer – Development Bank of Southern Africa	101	-
	<b>58,829</b>	<b>54,876</b>
<b>Related party transactions (Payments)</b>		
4. Amathole District Municipality (Partnership)	-	350
5. Amathole District Municipality (Heritage Funded Project)	125	-
Nkangala District Municipality (Heritage Funded Project)	29	-
Nelson Mandela Bay Municipality (Heritage Funded Project)	74	-
Ratlou Local Municipality (Heritage Funded Project)	225	-
	<b>453</b>	<b>350</b>

**27. RELATED PARTIES (continued)**

- 1) The National Heritage Council is a schedule 3A public entity under the National Department of Arts and Culture. The Department of Arts and Culture acts on behalf of the Minister of Arts and Culture as Executive Authority and has the responsibility to make provision for funding the activities of the Council by way of a grant/transfer listed in the Estimates of National Expenditure. The National Heritage Council received R47, 323 million as operational grant/transfer and the department guaranteed financial assistance of R624, 000 towards the National Ubuntu Event 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 10,781m as grant/transfer 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 Development Bank of Southern Africa has offered financial assistance of R101, 000 towards the Liberation Heritage Route regional workshop 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 Development Bank of Southern Africa 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 2010/11 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) The National Heritage Council through its funding mandate make public calls for heritage project. Qualifying projects are approved as provided by the NHC's Funding Policy guidelines, thereafter contract would naturally be entered into with the relevant institutions. 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 following institutions were contracted for funded projects and consequently are related parties of the National Heritage Council:

Amathole District Municipality  
 Nkangala District Municipality  
 Nelson Mandela Bay Municipality  
 Ratlou Local Municipality

- 6) 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.
- 6.1 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. His membership ceased on the 8<sup>th</sup> of July 2011.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**28. FINANCIAL INSTRUMENTS**

**Liquidity risk**

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

**Credit risk**

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

**Interest rate risk**

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

**29. CONTINGENT LIABILITIES**

No contingent liabilities are recorded for the period.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 30. MEMBERS EMOLUMENTS - NON EXECUTIVE

2012

Names and Designations	Council member	Audit Committee member	Corporate Services Committee member	Heritage Committee member	Funding Committee member	Honoraria R'000	Travel R'000	Total R'000
M. Zwane (Chairperson)	✓					5	3	8
**Z. Fihlani		✓				11	1	12
**L. Mbekeni		✓				18	1	19
**S. Mda		✓				7	1	8
B. Ledwaba	✓		✓			2	2	4
Z. Mkiva	✓		✓		✓	17	1	18
Prof. J Sithole	✓			✓		4	1	5
V. Bila	✓			✓		4	3	7
S. Nhlumayo	✓		✓			5	2	7
Prof G. M Nkondo	✓			✓		1	-	1
Prof S. Fikeni	✓			✓		3	1	4
R. Becker					✓	15	1	16
H. Boshoff	✓		✓			2	-	2
R. Ledwaba	✓	✓	✓		✓	30	25	55
Adv B. Madumise	✓	✓				4	1	5
Prof A W Oliphant	✓			✓		3	1	4
N. Majokweni	✓					2	1	3
S. Botha	✓			✓		1	1	2
F. Kuba					✓	15	2	17
D. Mosako					✓	15	1	16
<b>Total</b>						<b>164</b>	<b>49</b>	<b>213</b>

\*\*External Audit Committee member

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**30. MEMBERS EMOLUMENTS - NON EXECUTIVE (continued)****2011**

<b>Names and Designations</b>	<b>Honoraria R'000</b>	<b>Travel R'000</b>	<b>Total R'000</b>
B. Ledwaba (Deputy Chairperson)	4	-	4
Adv L. Mpumlwana	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
<b>Total</b>	<b>87</b>	<b>43</b>	<b>130</b>

\*\*External Audit Committee member

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**31. MEMBERS EMOLUMENTS (EXECUTIVE)****2012**

Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Medical R'000	Performance Bonuses R'000	Provident fund R'000	Total R'000
S Mancotywa	Chief Executive Officer	1-Apr-11	788	176	38	251	166	1,419
T Ramagoma	General Manager: Heritage	1-Apr-11	703	172	-	104	151	1,130
N Madilonga	Chief Financial Officer	1-Apr-11	833	3	35	123	149	1,143
N Matanzima	Company Secretary	1-Apr-11	544	105	17	77	114	857
D Goulkan	Marketing Manager	1-Apr-11	544	104	-	84	114	846
B Marolen	HR Manager	1-Apr-11	561	88	-	78	114	841
S Ndhlazi	Funding Manager	1-Apr-11	544	105	9	80	114	852
S. Ntshanga	Heritage Manager	1-May-11	594	4	-	-	108	706
**T Manetsi	Heritage Manager	1-Apr-11	-	-	-	93	-	93
B Mdikane	Project Manager ( NHLR)	1-Apr-11	647	-	-	80	114	841
P. Taruvinga	World Heritage Specialist ( NHLR)	1-Apr-11	719	-	-	99	127	945
<b>Total</b>			<b>6,477</b>	<b>757</b>	<b>99</b>	<b>1,069</b>	<b>1,271</b>	<b>9,673</b>

**2011**

Names	Designation	Effective date	Basic salary R'000	Travel allowance R'000	Medical R'000	Performance Bonuses 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 Ndhlazi	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
			<b>5,786</b>	<b>812</b>	<b>120</b>	<b>769</b>	<b>1,168</b>	<b>8,655</b>

*\*\*Resigned during the financial year*

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**32. COMPARISON OF RESULTS WITH THE APPROVED BUDGET**

R '000

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

<b>Net surplus per the statement of financial performance</b>	<b>2,892</b>
Adjusted for:	
Fair value adjustments	-
Depreciation/Amortisation	519
Impairments recognised / reversed	-
Deficit on the sale of assets	3
Increases in provisions	243
<b>Net surplus per approved budget</b>	<b>3,657</b>

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

**33. COMMITMENTS**

Details	Amount	Amount
	2012	2011
	R '000	R '000
Tenders awarded but not yet paid (Excluding Travel Agent)	952	7,109
Funding Disbursements (Heritage Funded Projects)	5,521	2,233
Other Contracts (Excluding Finance and Operating Leases)	997	200
	<b>7,470</b>	<b>9,542</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**34. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE****34.1 Details of Irregular Expenditure**

No.	Incident	Amount 2012 R'000	Amount 2011 R'000
1.	Amount was contracted using a retainer fee model for Marketing and Communications services following a bid process.	-	1,800
2.	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
3.	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
4.	Procurement of software was sourced from contracted NHC IT service provider without obtaining additional quotations	-	14
5.	Procurement of computer equipment was purchased from the direct supplier of Apple products.	-	13
6.	Three quotations were sourced, only two responded and submitted quotes	-	37
7.	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
8.	Non Compliance with PFMA – Only one (1) quotation was sourced from the list of prospective suppliers instead of three (3)	47	-
9.	Non Compliance with internal SCM procedure – Purchase order requested after services were rendered.	57	-
<b>TOTAL</b>		<b>104</b>	<b>5,790</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**34. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)****34.2 Details of Fruitless and Wasteful Expenditure**

No.	Incident	Amount 2012 R'000	Amount 2011 R'000
1.	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.	-	1,800
2.	One month's salary payment was paid to an employee who was subjected to a disciplinary process and who subsequently resigned.	-	30
3.	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
4.	Shuttle services - Travel agent charged for waiting time	1	-
5.	Booking cancellation was not done in time - service fee charged	1	-
<b>TOTAL</b>		<b>2</b>	<b>1,847</b>

## SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>Revenue</b>	<b>52,771</b>	<b>68,229</b>
Government grant/transfer	47,323	46,665
Amortised conditional grants/transfers - Other	962	3,141
Amortised conditional grants/transfers - National Lottery	4,023	18,048
Other income	2	38
Interest received	461	337
<b>Expenses</b>	<b>(49,879)</b>	<b>(62,103)</b>
Operating expenses (As per schedule page 79)	(15,570)	(32,912)
Administrative expenses (As per schedule page 80)	(16,806)	(13,005)
Employment related costs (As per schedule page 81)	(15,674)	(14,376)
Operating lease expenses	(1,100)	(1,093)
Finance costs	(210)	(185)
Depreciation	(468)	(456)
Amortisation	(51)	(76)
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>2,892</b>	<b>6,126</b>

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>OPERATING EXPENSES</b>		
<b>Legal Fees</b>	<b>618</b>	<b>210</b>
<b>Entertainment Expenses</b>	<b>110</b>	<b>120</b>
<b>Heritage Projects and Programmes</b>	<b>14,554</b>	<b>32,231</b>
Funding disbursements (Heritage Funded Projects)	1,805	4,834
Young Indigenous Artists	98	53
Heritage Resource Centre	268	382
Policy Framework on Repatriation Heritage Resources	-	4
Ubuntu in Nation building	554	2,376
Heritage Strategic Programmes	2,034	1,291
Heritage Engagement with Sector	156	1,694
SATMA Awards - Department of Arts & Culture	6	2,821
Heritage Liberation Route - Department of Arts & Culture	2,000	10
Policy Framework on Access to Heritage Resources	-	50
Policy Framework on Heritage Conservation and Development	-	297
Policy Framework on Professional Standards and Ethics	-	21
Heritage and Education Outreach Programme Project	524	350
Commemoration - Liberation Heritage Route	3,000	-
Position Papers - Policies	43	-
Research Plan: Knowledge Production	7	-
Zindala Zombili	36	-
SATMA Awards - Lottery Funded	-	15,693
Heritage Liberation Route - Lottery Funded	4,023	1,854
Young Indigenous Artists - Lottery Funded	-	501
<b>Staff Training and Development</b>	<b>205</b>	<b>311</b>
Staff Training	128	210
Subscriptions	77	101
<b>Maintenance, Repairs and Running Costs</b>	<b>83</b>	<b>40</b>
Repairs and Maintenance	83	40
	<b>15,570</b>	<b>32,912</b>



SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	<b>2012</b>	<b>2011</b>
	<b>R'000</b>	<b>R'000</b>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>General and Administrative Expenses</b>	<b>13,020</b>	<b>10,614</b>
Catering Meetings	42	12
Audit Fees (Internal)	450	559
Audit Fees (External)	863	975
Advertising of Posts	133	153
Marketing & Communication	2,031	4,279
Advertising - Tenders & Policies	799	446
Bank Charges	12	11
Consulting Fees	3,061	1,223
Courier & Postage	58	28
Electricity, Water & Refuse	275	195
Honoraria	214	139
Insurance	76	50
Staff Welfare	44	128
Rentals - Office Equipment	7	5
Motor Vehicle Expenses	41	29
Printing & Stationery	709	256
Rates & Taxes	72	66
Publications	1,201	-

SCHEDULES TO THE ANNUAL FINANCIAL STATEMENTS

	2012 R'000	2011 R'000
<b>ADMINISTRATIVE EXPENSES (continued)</b>		
Recruitment Cost	-	24
Relocation Costs	1,662	1,149
Workshops	350	288
Telephone & Faxes	412	319
Cellphone Accounts	3	19
Loss on Derecognition	307	65
Temp Staff	197	190
<b>Travel and Subsistence</b>	<b>3,786</b>	<b>2,391</b>
	<b>16,806</b>	<b>13,005</b>
<b>EMPLOYMENT RELATED COSTS</b>		
<b>Employment related costs</b>	<b>15,674</b>	<b>14,376</b>
Salaries	14,042	12,897
Leave Pay	143	116
Performance Bonus Pay	1,489	1,363
	<b>15,674</b>	<b>14,376</b>

# Section Five

Human Resource Management



Picture: In 2011, heritage experts from Southern African countries and selected African countries held a Summit that was convened by the NHC in SA to craft a plan of preserving the trans national liberation heritage on the continent. Delegates are here seen visiting the Freedom Park in Pretoria.

## 5. Human Resource Management

### Policies and Procedures

In the midst of the legislative process to amend labour laws, the NHC is at a better position in respect of fair employment practices and have entrenched participatory policies that govern human capital. Employees are effectively engaged from the beginning in any process that deals with workforce issues. The two-way process is evident in some of the following areas:

- Creation and maintenance of a business culture
- Review of policies and procedures
- Organisational strategy review
- Training and improvement of performance competencies

The above areas, among others, are key for the organisation and the internal Employees' Forum also compliment the overall process to improve employment conditions. The Employees Forum involvement cements the participative management principle as it is the forum that provides vital inputs relating to human sustainability and operational soundness.

### Employees' profile

The NHC is committed to diversity and will continue to improve its gender balance in particular by empowering female persons in the future. Table 5(a) details the employees' profile for financial year in review:

In keeping with the principle of retaining employees, the NHC did not experience any attrition during the year under review.

### Training and Development

In ensuring that employees of the organisation keep abreast with business developments and maintain performance in areas identified, training and development was undertaken in the following notable business area:

- Supply Chain
- Monitoring and evaluation
- Management certification
- Operations management
- Management /Executive Development programme
- Business writing skills

### Employee Forum

The Employee Forum of the NHC has been the cornerstone of bridging the gap between Management and Non-Management. In the year under review, it was instrumental in providing valuable input for the review of Human Resources Policies.

Category	Gender
Chief Executive Officer	Male
General Manager-Heritage	Male
Chief Financial Officer	Female
Company Secretary	Female
Funding Manager	Female
Marketing Manager	Male
Human Resources Manager	Male
Heritage Manager	Male
Project Manager (Liberation Heritage Route)	Male
World Heritage Specialist	Male
Finance Officer	Male
Supply Chain Officer	Female
Policy Research Specialist	Female
Coordinator-Heritage Programmes	Female
Coordinator-Advocacy and Education	Male
Personal Assistant (CEO)	Female
Personal Assistant (GM)	Female
Funding Coordinator	Male
Project Administrator(Liberation Heritage Route)	Male
Receptionist	Female
Housekeeper	Female
Driver /Messenger	Male

## Other Information

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### **List of Acronyms**

NHC – National Heritage Council

DAC – Department of Arts and Culture

MOU – Memorandum of Understanding

MOA – Memorandum of Agreement

TOR – Term (s) of Reference

LHR – Liberation Heritage Route

IKS – Indigenous Knowledge Systems

MEXCO – Management Executive Committee

GIS – Government Information System

WH – World Heritage

PFMA – Public Finance Management Act

SCM – Supply Chain Management

ENE – Estimated National Expenditure

UNESCO – United Nations Educational, Scientific and Cultural Organisation

RP239/2012

**ISBN:** 978-0-621-41129-4



Domus Building | Office no. 202 | 57 Kasteel Road (cnr of Kasteel & Ingersol Road)

Lynnwood Glen | P.O. Box 74097 | Lynnwood Ridge | South Africa, 0040

t: +27 12 348 1663 | f: 086 603 7460 | [www.nhc.org.za](http://www.nhc.org.za)