

2018 to 2019

ANNUAL REPORT

*Celebrating
15 years
of heritage
transformation*



nhc

National Heritage Council
SOUTH AFRICA

an agency of the
Department of Arts and Culture

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GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	NATIONAL HERITAGE COUNCIL OF SOUTH AFRICA
PHYSICAL ADDRESS:	353 FESTIVAL STREET HATFIELD PRETORIA SOUTH AFRICA 0028
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TELEPHONE NUMBER/S:	+27 12 748 3949
FAX NUMBER:	+27 12 348 2833
EMAIL ADDRESS:	nhc@nhc.org.za
WEBSITE ADDRESS:	www.nhc.org.za
EXTERNAL AUDITORS:	Auditor General of South Africa
INTERNAL AUDITORS:	Rakoma and Associates
BANKERS:	First National Bank
COMPANY SECRETARY:	Ms Zimkhitha Thomas

2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. STRATEGIC OVERVIEW

3.1 Vision

A nation proud of its African heritage.

3.2 Mission

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

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

3.3 Values

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

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

4. LEGISLATIVE MANDATES

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

- a. To develop, promote and protect the national heritage for present and future generations;
- b. To coordinate heritage management;
- c. To protect, preserve and promote the content and heritage which resides in orature in order to make it accessible and dynamic;
- d. To integrate living heritage with functions and activities of the Council and all other heritage authorities and institutions at national, provincial and local levels;

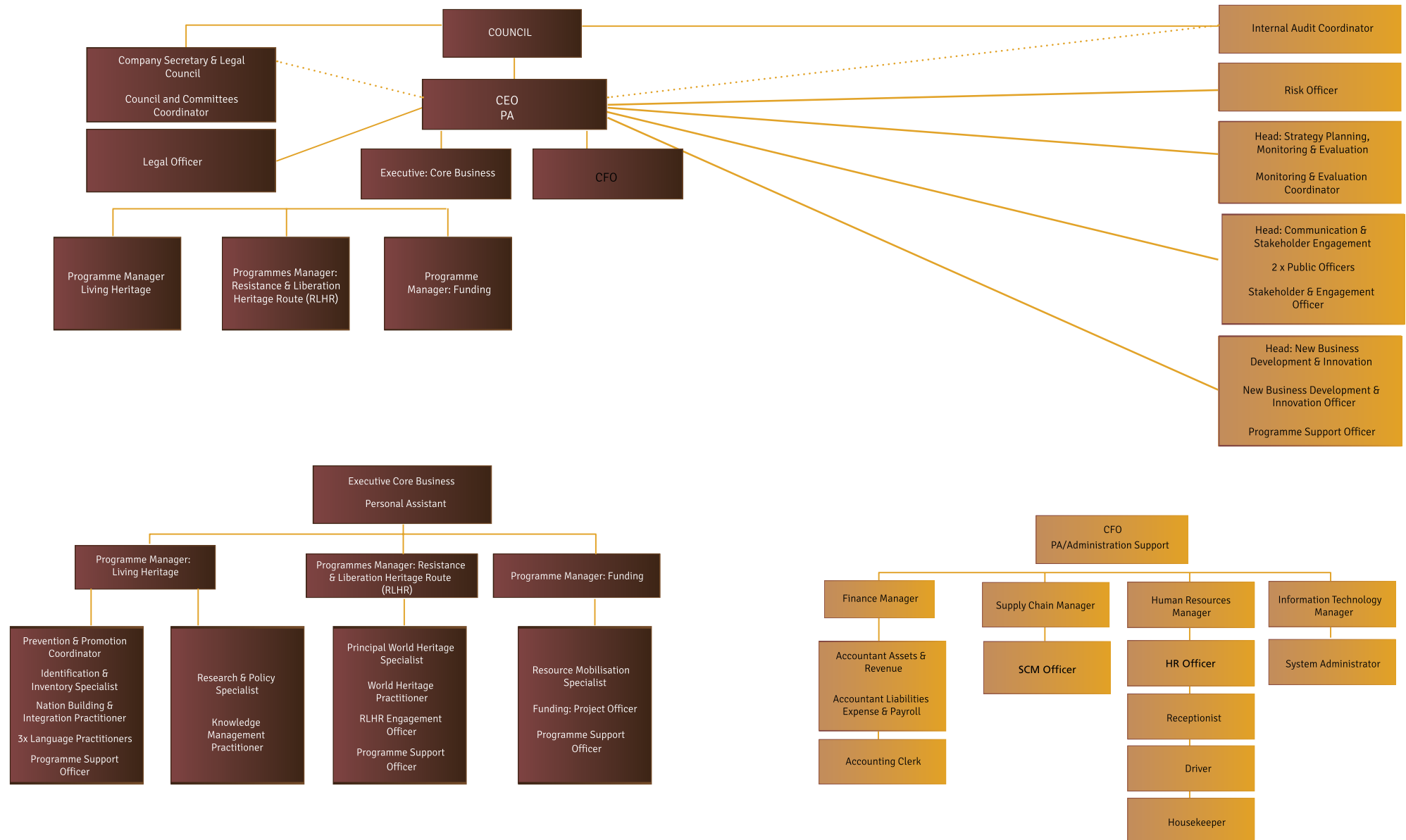
- e. To promote and protect indigenous knowledge systems including but not limited to enterprise and industry, social upliftment, institutional framework and liberatory processes, and;
- f. To intensify support for the promotion of history and culture of all our peoples and particularly to support research and publications on enslavement in South Africa.

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

- a. Advise the Minister on:
 - i. National policies on heritage matters, including indigenous knowledge systems, treasures, restitution and other relevant matters; and
 - ii. Any other 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;
- k. Perform such duties in respect of its objects as the Minister may assign to it; and
- l. The Council may on its own initiative advise the Minister on any matter concerning heritage.

5. ORGANISATIONAL STRUCTURE

Top level, Support & New Business Development organisational structure, Total Headcount: 21





6. FOREWORD BY THE CHAIRPERSON

This Annual Report is feedback to our stakeholders on the work done by the NHC in the 2018/19 financial year in pursuing its mandate of preserving and promoting heritage for future generations.

It is an appraisal of the extent to which the organization has managed to go in implementing the Strategy as well as the

2018/19 Annual Performance Plan. The report provides a comprehensive overview of the activities of the NHC as well as financial and non-financial performance for the 2018/19 financial year.

Work done in the period under review took place against the backdrop of increased stakeholder expectations amid a constrained fiscal environment.

Among our flagship programmes in the year under review was whereby the NHC joined millions of people locally and globally in celebrating the centenaries of our struggle luminaries, Mama Albertina Sisulu and Tata Nelson Mandela. In celebrating their legacy the NHC recommitted itself to right the wrongs of the past by continuing to transform the heritage sector and elevate previously marginalised indigenous heritage and culture. Our continuing work also includes the preparation of a Nomination Dossier for the enlistment of the Nelson Mandela sites on the UNESCO World Heritage List. The NHC continues to draw inspiration from President Mandela who said that “Our rich and varied cultural heritage has a profound power to help build our nation.”

Our role as the NHC is to use arts, culture and heritage to help forge national identity and

social cohesion towards building a non-racial, non-sexist and democratic South Africa free of the divisions of the past. This we did through various programmes and projects that were implemented in collaboration with various government stakeholders and community heritage organisations throughout the country and internationally.

South Africans can appreciate their heritage by using each opportunity to learn about each other's cultures and celebrate our diversity. This diversity also includes our languages, music, customs and traditions and many other artefacts that were passed down to us by our forebears.

In the financial year under review the Council oversaw a substantial amount of work done by the NHC in the areas of knowledge production, support for cultural expressions, commemorative events. However, Council could not complete the provincial stakeholder engagements due to resource limitations.

In the 2018/19 financial year the NHC also reached a milestone of fifteen years since establishment. What is also noteworthy is that over this period it maintained a record of unqualified audit opinions from the Auditor General which speaks to the quality of leadership of the institution. As Council we are proud

“Work done in the period under review took place against the backdrop of increased stakeholder expectations amid a constrained fiscal environment.”

of these achievements and will endeavour to build on them to leave a lasting legacy for future generations, both at institutional and societal level.

I wish to extend a word of gratitude to my fellow Council members who, through their expertise and commitment, ease the task of providing leadership and oversight to the NHC. The Council is composed of a diverse group of men and women whose knowledge and skills spans the various domains and specialisations of heritage.


While great strides were made by the Council and the NHC on a number of issues of national strategic importance, work will continue on the redress, development and the agenda to decolonise cultural heritage.

Among other priorities for the Council in the short to medium term is the strengthening of the resource base of the NHC to ensure long term sustainability. This will be done by exploring various options and opportunities including pursuing the implementation of a heritage levy.

The NHC Council is determined to support management and staff of the NHC to achieve more of the objectives outlined in the founding legislation of the NHC, the National Heritage

Council Act, No. 11 of 1999. The vision of the NHC of “A nation proud of its African heritage” will be realised when the previously disadvantaged and rural communities have sufficient opportunities to derive socio-economic benefits from their heritage.

As the NHC, going forward we shall seek to build on the synergies between heritage and other industries and economic activities, particularly tourism. This would ensure maximum impact as we move further from outcomes to focusing on the impact of our programmes especially in the context of the shrinking fiscal envelope.



Dr T. Mbuli

Chairperson of Council

NHC COUNCIL MEMBERS



Dr John Mbuli
Chairperson



Prof Thenjiwe Meyiwa
Deputy Chairperson



Amb. Dikgang Moopeloa



Ms Salome Mabilane



Chief Livhuwani Matsila



Prof Susan Bouillon



Mr Mbsa Metuse



Ms Laura Robinson



Mr Themba Dlamini



Mr Moses Makhweyane



Mr Zolani Mkiva



Mr Tseko Tshehlana



Mr Puleng Tsebe



Adv. Mathealira Mopeli



Mrs Reyhana Gani CA(SA)



Mr Kagiso Seleke



Ms Keneilwe Modise

7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It gives me pleasure to present the 2018/19 Annual Report. This Annual Report marks the fifteenth year of the NHC's existence combined with an unbroken record of unqualified audit opinions since establishment.

As the NHC we committed ourselves to balancing good governance with service delivery, that the other should not be achieved at the expense of the other.

Over the last financial year the NHC made great strides in affirming previously neglected heritage and lifting the African voice. One of the key areas that the NHC placed more attention on is the preservation and promotion of the Resistance and Liberation Heritage through the Project Management Office.

In 2018/19 the National Heritage Council, and the sector broadly, continued to make progress in the decolonisation of our heritage. These strides were made in the face of resource challenges as a result of the fiscally constrained environment our government and public entities operated in.

The past year once again presented the sector with challenges and opportunities which we embraced with vigour and ingenuity.

Some of the highlights of the 2018/19 financial year include the celebration of Tata Nelson Mandela and Mama Albertina Sisulu's centenaries. The NHC marked these centenaries with various events, the highlight of which was the Nelson Mandela Lecture jointly hosted with the OR Tambo District Municipality which was delivered by the revered and esteemed Kenyan intellectual Prof PLO Lumumba.

My appreciation goes to our Council for its guidance and support; the heritage sector for the collaborative efforts to deliver on our mandate and the projects delivered to the communities and the other stakeholders who made a positive contribution in the work of the NHC.

A focus on community heritage

The NHC facilitated funding to community based heritage projects and registered meaningful progress in the establishment of the Project Management Office (PMO) for the rollout of the Resistance and Liberation Heritage Route (RLHR) infrastructure programme in all nine provinces as approved by Cabinet. This work will be continuing in the medium to long term with regular reports to the Inter-Ministerial Committee overseeing the RLHR Project.

Improved collaboration

The need to deliver more value with constrained resources has necessitated increased innovation and collaboration. Our approach to collaboration is maturing having learnt lessons



from the impact of external dependencies on the achievement of targets on our Annual Performance Plan (APP).

We are working to strategically position the NHC through mutually-beneficial and sustainable partnerships locally and internationally and contribute to the development of heritage. In the year under review the NHC engaged with counterparts from countries such as China, Uganda, and Seychelles.

This has been achieved through the selfless leadership, commitment and support of our Council, Management, Staff, Funding Committee, Panel of Experts and our stakeholders to whom we are very thankful.

Organisational Repositioning

Internally, the organisation embarked on a process of reorganisation to reposition the NHC in light of the developments in the sector as well as refocussing our internal resources to improve our impact. The process of repositioning has proceeded well and would be finalised early in the 2019/20 financial year. While the process brought some anxiety and uncertainty among certain staff members management kept staff briefed and engaged on all the phases and placement of staff in the new positions.

The repositioning has been underpinned by transparency and continuous engagement between management and staff and as a result the organisational climate remains positive.

NHC Programme Implementation

The NHC continued to achieve success on its annual flagship programmes including the Heritage Schools Outreach Project, Golden Shield Heritage Awards (GOSHA), Ubuntu Honour and contributing to other nation building initiatives hosted in partnership with different organisations and stakeholders including the ever growing South African Traditional Music Achievement Awards (SATMA), Tshivenda Music Awards (TSHIMA), Xitsonga Music Awards (XIMA), as well as the youth tour to Tanzania.

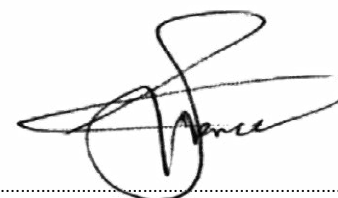
In line with the policy advice mandate, the NHC initiated policy discourse for the sector by producing two policy position papers on liberation icons and another one on afrchives. Discover Heritage, the NHC Magazine continued to profile the rich heritage of our country, even though only one edition could be produced in the 2018/19 financial year due to resource constraints

The overall organisational performance has been excellent in 2018/19 with 93% of the annual predetermined objectives (targets) being achieved and the NHC receiving an unqualified audit opinion from the Auditor General.

This has been achieved through the selfless leadership, commitment and support of our Council, Management, Staff, Funding Committee, Panel of Experts and our stakeholders to whom we are very thankful.

The ongoing policy review by the DAC has brought about uncertainties and it is envisaged that the role of the NHC may change. The NHC itself is keen for legislative review to attend to some of the unintended consequences in its founding legislation in order to streamline and strengthen its role.

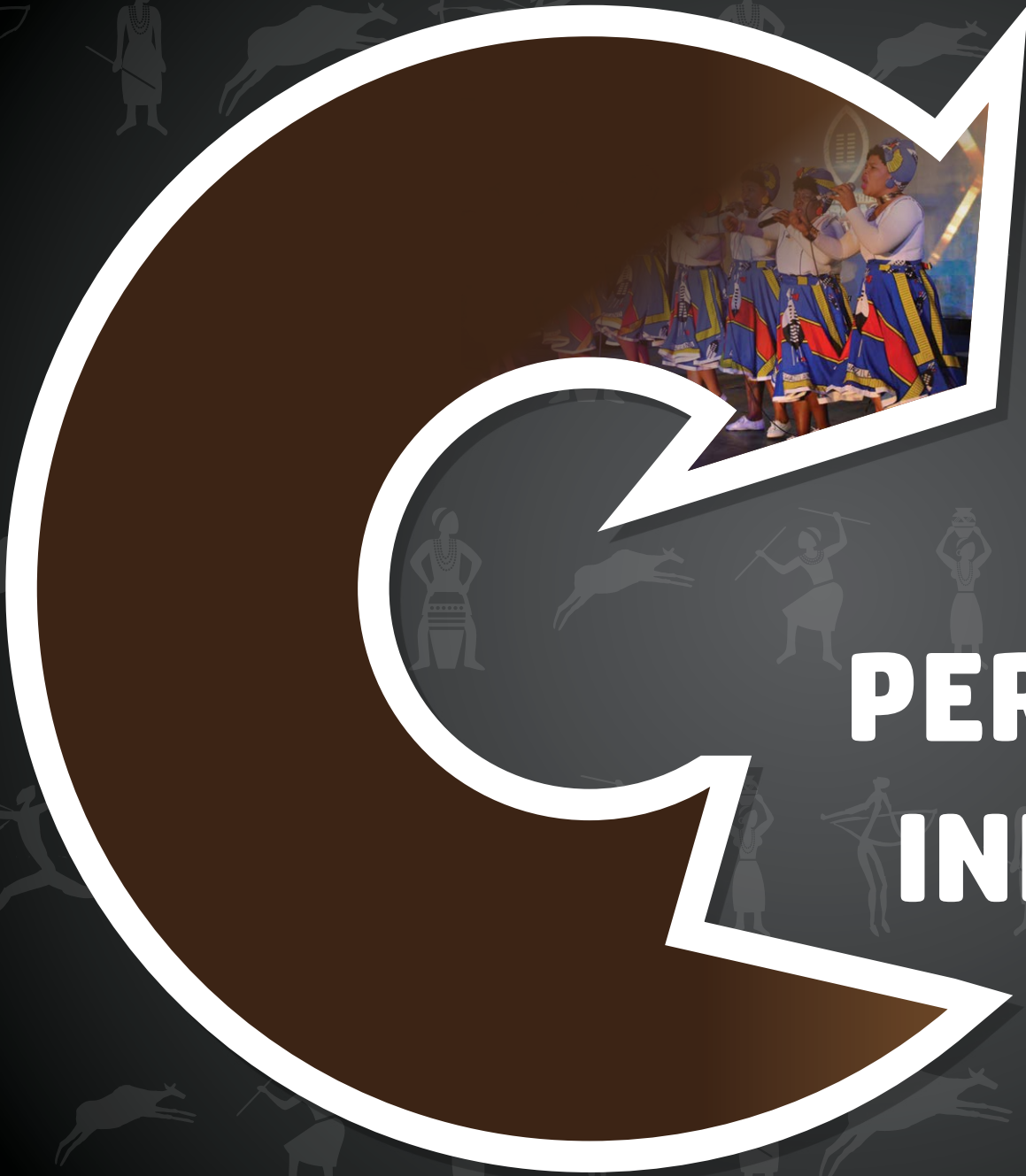
Going forward the NHC will be focusing on knowledge production, breaking new ground with partnerships as well as innovation towards enhancing the catalytic role of heritage in socio economic development. Among others this will be achieved through the transformation of abstract heritage spaces to vibrant nodes for socio-economic development.



Adv. Sonwabile Mancotywa

Chief Executive Officer

30 August 2019



**PART B:
PERFORMANCE
INFORMATION**

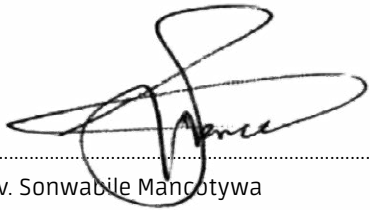
STATEMENT OF RESPONSIBILITY REGARDING PERFORMANCE INFORMATION

Statement of Responsibility Regarding Performance Information for the Year ended 31 March 2019

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

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

In my opinion, the performance information fairly reflects the performance of the National Heritage Council for the financial year ended 31 March 2019.



Adv. Sonwabile Mancotywa

Chief Executive Officer

30 August 2019

AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General has conducted some audit procedures on the performance information for usefulness and reliability, compliance with laws and regulations and internal control, but an opinion is not expressed on the performance information.

Refer to page 57 of the Report of the Auditor General's Report, included in Part E: Financial Information.

OVERVIEW OF THE NATIONAL HERITAGE COUNCIL'S PERFORMANCE

Strategic Outcome Oriented Goals

The NHC has the following strategic outcome-oriented goals:

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

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

Service Delivery Environment

In the year under review, there was an increase in the demand for support of the NHC and partnerships from community based heritage projects; as well as invitations for the CEO and other NHC personnel to attend and address heritage and cultural events.

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

Following the amendments to the National Lottery Distribution Trust Fund (NLDTF) Regulations that exclude organisations like the NHC from qualifying for funding from the NLDTF, this was a setback, given the limited options for funding outside the DAC grant; raising funds from the private sector proved much more challenging and thus necessitated a rethink of strategy. The NHC has been in discussions with the NLC to find a way to secure funding for the sector in light of the amendments.

The NHC also continued with the partnership with the MHSC on mining heritage to commemorate mining disasters through a book and a documentary which are still work in progress.

Overview of the Organisational Environment

Appointments were made in the core business to address the capacity constraints experienced following the resignations which had put a strain on the branch to deliver on the APP.

The NHC strived to sustain its presence and interaction with stakeholders across the three tiers of government as well as internationally. Engagement with stakeholders had to be balanced and weighed against the austerity measures implemented to contain expenditure.

Migration to the Council approved a new functional organisational structure commenced.

In the 2018/19 financial year, the NHC continued to enjoy goodwill among stakeholders and acknowledgement as the first point of call on heritage matters. It continued to sustain its responsiveness and support to stakeholders, particularly rural communities and organisations; as well as reaching critical milestones through collaboration and partnerships with a range of stakeholders in the sector, locally and on the continent.

The NHC successfully implemented and supported flagship programmes like the SATMA Awards, which have grown from strength to strength, as well as the Golden Shield Heritage Awards, which are awarded in recognition of outstanding contribution and service to the preservation and promotion of heritage.

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

Key Policy Developments and Legislative Changes

The DAC continued with the consultations on the review of the White Paper on Arts, Culture and Heritage; however, there were no legislative changes.

PERFORMANCE INFORMATION BY PROGRAMME

Programme 1: Administration

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

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

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

Key performance measures, targets and actual results

Strategic objectives:

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

Summary

- » A total of **12** targets had been planned for Programme 1 in 2018/19.
- » **11** targets (**92%**) were achieved.
- » **1** target (**8%**) was not achieved.

Performance Indicator			Actual Achievement in 2017/18	Planned Target for 2018/19	Actual Achievement in 2018/19	Deviation from planned target to Actual Achievement in 2018/19	Comment on deviations
1.1	a.	Dates by which compliance documents (APP, Quarterly Reports, AFS and Annual Report) are submitted to the DAC.	Submission of compliance documents to the DAC (APP, Quarterly Reports, AFS and Annual Report) by the prescribed dates achieved.	Organisation wide adherence to compliance dates achieved.	Organisation wide adherence to compliance dates achieved.	The target was achieved as planned with no deviation.	N/A

Performance Indicator		Actual Achievement in 2017/18	Planned Target for 2018/19	Actual Achievement in 2018/19	Deviation from planned target to Actual Achievement in 2018/19	Comment on deviations	
	a.	Number of heritage publications produced	0 editions of the Heritage Magazine were published and distributed.	Heritage Magazine produced (2x issues of 5000 copies each).	Heritage Magazine produced. 1 issue of 5000 copies of Heritage Magazine produced.	Only 1 issue of the Heritage Magazine was produced instead of 2.	The target was not achieved due to challenges in the timeous completion of stories for publication of the 2 nd issue.
	b.	Number of planned media engagements conducted	7 media engagements conducted.	12 x Media engagements conducted (media coordination for projects e.g. briefings).	17 x Media engagements conducted (media coordination for projects e.g. briefings).	The target was exceeded by 5 media engagements	The target was exceeded due to escalation of engagements to profile work of the NHC and a positive relationship with the media
	c.	Number of multi-media campaigns conducted about key NHC projects.	13 multimedia awareness campaigns conducted about key NHC projects.	10 multimedia awareness campaigns conducted about key NHC projects.	31 multimedia awareness campaigns conducted about key NHC projects.	The target was exceeded by 21 multimedia campaigns.	There was an increase of media engagements to improve the multimedia profile of the NHC and its work on various heritage issues.
1.3	a.	Level of implementation of the Approved Annual Training Plan in critical skills	81% implementation of the approved Annual Training Plan on critical skills.	80% implementation of the approved Annual Training Plan on critical skills.	81% implemented of the approved Training Plan on critical skills.	The target was exceeded by 1%.	Staff members undertook additional training within the budget.
	b.	Number of staff retained in funded positions	86% staff retention of staff in funded posts.	85% staff retention in funded positions.	100% staff retained in funded posts.	The target was exceeded by 15%.	There were no resignations in the 2018/19 financial year.
	c.	Number of initiatives to promote employee wellness	3 initiatives to promote employee wellness implemented.	3 initiatives to promote employee wellness implemented.	3 initiatives to promote employee wellness implemented.	3 initiatives to promote employee wellness implemented.	N/A

Performance Indicator			Actual Achievement in 2017/18	Planned Target for 2018/19	Actual Achievement in 2018/19	Deviation from planned target to Actual Achievement in 2018/19	Comment on deviations
1.4	a.	Audit opinion (Unqualified)/ (Clean)	Unqualified Audit opinion received.	Unqualified audit opinion achieved.	Unqualified Audit opinion achieved.	The target was achieved as planned, with no deviation.	N/A
1.5	a.	IT Client Satisfaction Survey rating achieved (%)	76% client satisfaction rating achieved.	IT client satisfaction survey rating achieved (75%)	81% client satisfaction rating achieved.	The target was exceeded by 6%.	Client satisfaction target exceeded due to the improvements in the service provided to staff on IT.
	b.	Level of Local Area Network availability (%)	95% Local Area Network availability.	Local Area Network availability (95%).	Local Area Network availability (98%) achieved.	The target was exceeded by 3%.	The target was exceeded due to increased frequency in the monitoring of the network and preventative maintenance to reduce downtimes.
	c.	Disaster Recovery & Business Continuity Plan approved and tested	Disaster recovery & business continuity plan reviewed and tested.	Disaster recovery & business continuity plan approved and tested.	Disaster recovery & business continuity plan approved and tested.	The target was achieved as planned, with no deviation.	N/A

Strategy to overcome areas of under performance

The unpublished edition of the Heritage Magazine will be updated and published in 2019/20.

Changes to planned targets

There were no changes to planned targets.

Programme 2: Heritage Promotion

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

Programme 2 consists of the following sub programmes:

- » Heritage Management
- » Funding
- » Resistance and Liberation Heritage Route

Key Performance measures, targets and actual results

Strategic objectives:

- 2.1. To intensify the promotion of living heritage through collaborations and stakeholder engagements nationally and internationally
- 2.2. To develop a national planning, policy development and research capability that will create an enabling environment for the advancement and promotion of National Heritage content
- 2.3. To build a network of strategic partnerships to strengthen and integrate heritage development by extending the influence of the NHC and leveraging the resources through partnerships
- 2.4. To coordinate the management of the Liberation Heritage Route, the African Liberation Heritage Programme and national input in the world heritage agenda by promoting the influence of the South African heritage globally.

Summary:

- » A total of **17** targets had been planned for Programme 2 in 2018/19.
- » **16** targets (**94.12%**) were achieved.
- » **1** target (**5.88%**) was not achieved.

Performance Indicator			Actual Achievement in 2017/18	Planned Target for 2018/19	Actual Achievement in 2018/19	Deviation from planned target to Actual Achievement in 2018/19	Comment on deviations
2.1	a.	Number of exchange programmes participated in per annum	Participated in 4 exchange programmes.	1 exchange programme participated in per year.	2 exchange programmes participated in.	The target was exceeded by one exchange programme.	The target was exceeded when the NHC used an additional opportunity to participate in an exchange programme which became available.
	b.	Number of international multilateral engagements per annum	Participated in 2 world heritage projects.	1 international multilateral engagement annually.	1 international multilateral engagement.	The target was achieved as planned with no deviation.	N/A
	c.	Number of community based cultural expressions implemented or supported	7 cultural expressions supported.	3 cultural expressions supported.	3 cultural expressions supported	The target was achieved as planned with no deviation.	N/A
	d.	Number of nation building initiatives implemented and funded.	3 nation building initiatives implemented and funded.	3 nation building initiatives implemented and funded	3 nation building initiatives implemented and funded.	The target was achieved as planned with no deviation.	N/A
2.2	a.	Number of knowledge production partnerships implemented per annum	2 knowledge production partnerships implemented.	2 knowledge production partnerships implemented.	2 knowledge production partnerships implemented.	The target was achieved as planned with no deviation.	N/A
	b.	Number of research products produced per annum	1 publication produced.	1 publication produced.	2 publications produced.	The target was exceeded with one publication.	An additional publication was produced through the projects funded by the NHC through the Public Call.
	c.	Number of policy position papers produced per year	2 Position Papers produced per year	2 Position Papers produced per year	2 Position Papers produced per year	The target was achieved as planned with no deviation.	N/A
	d.	Number of heritage journal articles contributed per annum	1 heritage Journal article was submitted to an accredited Journal.	2 journal articles contributed	0 heritage journal articles contributed to an accredited journal.	The deviation was 2 articles that were not contributed to an accredited journal by year end.	The target was not achieved as the articles were produced but could not be contributed on time to the journals due to other work done by the Panel of Experts.

<i>Performance Indicator</i>		<i>Actual Achievement in 2017/18</i>	<i>Planned Target for 2018/19</i>	<i>Actual Achievement in 2018/19</i>	<i>Deviation from planned target to Actual Achievement in 2018/19</i>	<i>Comment on deviations</i>	
	e.	Number of heritage education initiatives supported	6 heritage education initiatives supported.	1 heritage education initiative supported	1 heritage education initiative supported	The target was achieved as planned with no deviation.	N/A
	f.	Number of Heritage Impact Studies concluded.	N/A	1 Heritage Impact Study concluded	1 Heritage Impact Study concluded	The target was achieved as planned with no deviation.	N/A
2.3	a.	Number of community heritage projects supported and funded	21 community heritage projects were funded.	23 community heritage projects supported and funded	29 Community heritage projects supported and funded.	The target was exceeded with 6 community projects supported and funded.	Additional resources were sourced to support additional worthy projects that had applied for funding.
	b.	Level of funds raised outside the DAC Grant (%)	5% (R3 086 191) additional funds raised outside DAC grant.	2% additional funds raised outside the DAC grant.	3.64% (R2 494 038.02) additional funds raised outside the DAC grant.	The target was exceeded by 1.64%.	Fundraising efforts and partnerships yielded better results than planned and anticipated.

Performance Indicator			Actual Achievement in 2017/18	Planned Target for 2018/19	Actual Achievement in 2018/19	Deviation from planned target to Actual Achievement in 2018/19	Comment on deviations
2.4	a.	Number of commemorative events supported	5 Commemorative events supported.	2 Commemorative events supported.	3 Commemorative events supported.	The target was exceeded with 1 commemorative event supported.	The commemorative event was held in partnership with other stakeholders.
	b.	Number of repatriations supported	4 repatriations were supported.	3 repatriations supported.	4 repatriations supported.	The target was exceeded with 1 repatriation supported.	The NHC was engaged by stakeholders on the repatriations in excess of what was planned for.
	c.	Number of presentations on LHR made to different stakeholders	11 presentations made on the Liberation Heritage Route.	5 presentations on LHR made to different stakeholders.	14 presentations on LHR made to different stakeholders.	The target was exceeded with 9 presentations on LHR made to different stakeholders.	The additional presentations were made following invites and requests of stakeholders.
	d.	Number of submissions on the African Liberation Heritage Programme.	2 submissions made on the African Liberation Heritage Programme.	2 submissions on the African Liberation Heritage Programme.	2 submissions on the African Liberation Heritage Programme.	The target was achieved as planned with no deviation.	N/A
	e.	Number of milestones achieved in the World Heritage Listing Programme.	1 milestone achieved (The Expanded Dossier was produced and submitted to the Department of Environmental Affairs.).	1 milestone achieved (Submission of final amplified Nomination Dossier to DAC).	1 milestone achieved (Submission of final amplified Nomination Dossier to the DAC).	The target was achieved as planned with no deviation.	N/A.

Strategy to overcome areas of under performance

The target that was not achieved in 2018/19 i.e. the contribution of heritage articles to accredited journals has been rolled over for completion in 2019/20.

Changes to planned targets

There were no changes to planned targets.



**PART C:
GOVERNANCE**

1. INTRODUCTION

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

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

2. EXECUTIVE AUTHORITY

The Minister of Arts and Culture and the NHC signed a Shareholder's Compact in March 2018. This a requirement for Public Entities listed in Schedule 2, 3B or 3D of the PFMA; However, notwithstanding that the NHC is a Schedule 3A entity, and therefore not bound by this requirement, for purposes of cooperative governance, it was deemed necessary to do so. The Shareholder's Compact captures the key performance measures and indicators agreed upon between the Council, as the Accounting Authority of the NHC, and the Minister of Arts and Culture, as the Executive Authority.

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

- » 1st Quarterly Report submitted on 31 July 2018;
- » 2nd Quarterly Report submitted on 31 October 2018;
- » 3rd Quarterly Report submitted on 31 January 2019;
- » 4th Quarterly Report submitted on 30 April 2019.

3. THE COUNCIL

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

The Council operates in terms of an approved Charter that clearly spells out its role and responsibilities. The Council plays an oversight role and provides leadership on the affairs of the NHC. Its role includes the establishment, review and monitoring of strategic objectives. It also gives strategic direction and ensures compliance with corporate governance and legislative imperatives. The Council oversees the NHC's systems of governance, internal control, and risk management.

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

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

4. STRUCTURE AND COMPOSITION OF THE COUNCIL

As mentioned, the Council is constituted by members appointed by the Minister of Arts and Culture; by Provincial Arts and Culture MECs; the Chairpersons of certain declared cultural institutions (Iziko Museums of Cape Town, Ditsong Museums, NLSA and SAHRA). They are people from diverse backgrounds and have extensive skills in the heritage sector. In making appointments, the Minister takes into consideration diversity and skills. There are nineteen (19) Council Members and the NHC CEO is an ex officio member.

Composition of the Council

During the year ended 31 March 2019 five (5) Ordinary Meetings, a two-day (2) Workshop on NHC Mandate, Strategy and Programmes, one (1) Special Meeting with the Minister, one (1) Workshop on Strategy Review, one (1) Workshop on Review of White Paper on Arts Culture and Heritage and The Heritage Transformation Charter, and two (2) Provincial Stakeholder Engagement Sessions were held. Below is a profile of Council members and attendance at Council meetings:

Below is a profile of Council members and attendance at Council meetings:

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Dr Thulani John Mbuli	Chairperson – Appointed by Minister	01/12/2017 – 30/11/2020	Active Member	i) PHD - University of Zululand ii) Master of Arts: University of Zululand iii) Bachelor of Arts: University of Zululand iv) B Paed Degree: Environmental Science: University of Zululand v) Logistics – International Trade: UJ and UNISA	Environmental, Heritage and Languages, Education on SCM Geography	i) Council Member of the University of Zululand ii) Council Member of Amafa AkwaZulu Natal	None	10/10
Prof Thenjiwe Meyiwa	Deputy Chairperson – Chairperson of Heraldry	01/12/2017 – 30/11/2020	Active Member	i). Mcom: Organizational Management: UKZN ii) PHD: UKZN iii) BA (Hons): UKZN iv) Diploma (Secondary Teachers): Indumiso College	Gender Studies, IKS, Organisational Management	NA	i) Heritage Research Programmes and Projects Committee ii) Social and Ethics Committee	7/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ms Salome Velma Mabilane	Member appointed by Minister	01/12/2017 – 30/11/2020	Active Member	i) B Tech Degree: Cost and Management Accounting: Tshwane University of Technology ii) National Diploma: Cost and Management Accounting: Tshwane University of Technology iii) Advanced Certificate in Municipal Governance: University of Johannesburg iv) Accountant: SAIPA	Financial Management, Performance Management, Auditing and Risk, Strategic Planning and Financial Reporting	i) Managing Director SUM Consulting and advising Services	i) Corporate Services and Finance Committee. ii) Repositioning and International Relations Committee iii) Social and Ethics Committee	10/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Chief Livhuwani Matsila	Member appointed by Minister	01/12/2017 – 31/11/2020	Active Member	i). BSc Honours (Botany) Venda University ii) BSC (Botany and Zoology): Venda University iii) Masters of Science (Zoology): Wits University	Community and Rural Development, Conservation of Natural Resources, Preservation of Cultural Heritage, Research, Project Management, Financial Management, Human Resources Management, Skills Development	i). Project Management, Fund raising, Report Writing. Human resources and Financial Management of Matsila Community Development Trust ii) Project Management, Fund raising, Report Writing. Human resources and financial management of Matsila Community Business Trust iii) Human resources and financial management of Livhuwani Matsila Family Trust	i). Heritage Research Programmes and Projects Committee ii) Repositioning and International Relations Committee	6/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Mr Zolani Mkiva	Member appointed by Minister	01/12/2017 – 30/11/2020	Active Member	i) BA Social Sciences: UWC ii) BA Honours: Development Studies: UWC iii) Finance for Managers: UCT School of Business	Institution of Traditional Leadership	i) Chairperson of NDCSA ii) Council Member of National Arts Council iii) Board Member of Bloemfontein Water	i) Heritage Programmes Projects and Research Committee ii) Repositioning and International Relations Committee iii) Social and Ethics Committee	9/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Mrs. Reyhana Gani CA(SA)	Member appointed by Minister	01/12/2017 – 30/11/2020	Active Member	<p>i) BCom Honours: University of Pretoria</p> <p>ii) IRBA: Board 2</p> <p>iii) SAICA: Chartered Accountant SA</p>	Governance, Audit and Risk Committees, IT and Performance Committees	<p>i) Chairperson of Stellenbosch Municipality-Fraud and Risk Committee</p> <p>ii) Chairperson of Stellenbosch Municipality - Audit and Performance Committee</p> <p>iii) Chairperson of Cape Winelands District Municipality - Audit and Risk Committee</p> <p>iv) Board Member of West Coast District Municipality – Audit and Performance Committee</p> <p>v) Board Member of Berg River Municipality - Audit Committee</p> <p>vi) Council Member of SAHRA</p> <p>vii) Council Committee Member of Audit Committee</p>	i) Audit and Risk Committee	9/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Adv Mathealira Mopeli	Member appointed by MEC - Free State Province Representative	01/12/2017 - 30/11/2020	Active Member	LLB: UNISA	Governance	i) Council Member of North West Rural Development ii) Council Member of Free State Rural Development	i) Corporate Services and Finance Committee	6/10
Mr Kagiso Johannes Seleke	Member appointed by MEC - North West Province Representative	01/12/2017 - 30/11/2020	Active Member	i) National Diploma in Public Administration: UNISA (current) ii) National Certificate in IT: Extensive IT Academy iii) Fundamental of Project Management: Centurion Academy iv) Section 13 Trade Fitting: Engineering Skills Centre	Research, Project Management Coordinating, Administration on Governance, Mining Projects	None	i) Heritage Programmes Projects and Research Committee ii) Repositioning and International Relations Committee iii) Corporate Services and Finance Committee	10/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ms Laura Robinson	Member appointed by MEC – Western Cape Province Representative	01/12/2017 – 30/11/2020	Active Member	1. B Architecture: UCT	Architecture, Heritage Conservation Strategy and Policy, World Heritage (Cultural), Cultural Landscape and Intangible Heritage	i) Board Member of Central City Improvement District ii) Council Deputy Chairperson of Robbin Island Museum iii) Council Member of National Museum Bloemfontein	i) Heritage Programmes Projects and Research Committee ii) Repositioning and International Relations Committee	8/10
Mr Tsheko Tsehlana	Member appointed by MEC – Gauteng Province Representative	01/12/2017 – 30/11/2020	Active Member	i) Certificate in Development Management: School: School of Public & Development Management ii) Certificate in Arts and Culture Management: University of Witwatersrand	Management, Project Management, Organisational Design	i) Board Member of SOWETO Heritage Foundation	i) Heritage Programmes Projects and Research Committee	10/10
Mr Moses Makhweyane	Member appointed by MEC – Mpumalanga Province Representative	20/02/2018 – 30/11/2020	Active Member	i) B Juris: Limpopo University	Legal, Corporate Governance	i) Deputy Chairperson of Mpumalanga Heritage Resources Authority ii) Member of QSS Professional Consulting	i) Audit and Risk Committee ii) Corporate Services and Finance Committee	8/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ms Keneilwe Mable Modise	Member appointed by MEC - Northern Cape Province	01/04/2018 – 30/11/2020	Active Member	i) Higher Diploma (REQV 13): UNISA ii) Certificate in Adult Education: Western Cape University iii) Certificate in Occupational Based Practices	Research, Facilitation, Community Development, Educator	None	i). Corporate Services and Finance Committee ii) Heritage Research Programmes and Projects Committee	9/10
Mr Seregolo Shylock Leshilo ¹	Member appointed by MEC – Limpopo Province Representative	01/04/2018 -22/02/2019	Non-active Member - Appointment terminated 22/02/2019	i) Certificated in Traffic Safety Education: Potchefstroom University ii) Certificate in Bookkeeping: Pietersburg Skills Academy	Socio-Economic Development, Sound Finance Management	i) Chairperson of Capricorn District Municipality Ethics, Rules and Integrity Committee ii) Chairperson of Lepelle-Nkumpi Municipality Local Geographical Names Committee (LGNC)	i) Heritage Research Programmes and Projects Committee ii) Repositioning and International Relations Committee iii) Social and Ethics Committee	9/10
Mr Mlawu Tyatyeka	Member appointed by MEC – Eastern Cape Province Representative	01/12/2017 – 30/11/2020	Non-active Member - Appointment terminated 12/02/2019	i) MA: Natal University ii) BA Honors: UNITRA iii) BA: UNITRA	Cultural Affairs	None	i) Heritage Research Programmes and Projects Committee	10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Mr Mbasu Metuse	Member appointed by MEC – Eastern Cape Province Representative	12/02/2019 – 30/11/2020	Active	i) Bachelor of Social Science (Honours- incomplete): Fort Hare University ii) Bachelor of Social Science: Fort Hare University iii) Project Management: Stellenbosch University Business School	Governance, Program Management, Research, Policy Development and Strategic Planning.	i) Executive Director of Itsamaya Holdings ii) Mayibuye Transport Corporation (Eastern Cape Dep of Transport) - Chairperson of HR and Remuneration Committee - Board Committee Member of Finance and Investment - Board Committee Member of Governance	Not yet allocated	0/10
Mr Puleng Herman Tsebe	Member appointed by MEC – Limpopo Province Representative	22/02/2019 – 30/11/2020	Active	i) Municipal Finance Management Diploma: Pretoria University ii) English Teaching Overseas: Leeds University iii) Special Art Teachers Course: Ndaleni Art School iv) Teachers Course: Mokopane College of Education	Effective Communication, Conflict Resolution, Negotiation, Planning and Organizing, Leadership and Decision Making	i) Member of NEDLAC ii) Member of Presidential BBBEE Advisory Council iii) Commissioner for Employment Equity Dep of Labour iv) Director of PM Trading Enterprise	Not yet allocated	0/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ms Nana Ngobese	Member appointed by MEC – Kwa Zulu Natal Representative	07/11/2018	Active	i) BSc Honours (COMPSCI) ii) MBA (Marketing and Strategy) iii) Diploma Project Management	Project Management,	Chairperson of Inanda Girls Alumni Association (KZN)	Not yet allocated	0/10
Mr Themba Dlamini	Member appointed by Minister – Chairperson of National Library	01/12/2017 – 30/11/2020 Re-app 01/10/2018 – 30/09/2021	Active Member	i) Master of Arts in Development Economics: William College, Massachusetts, USA ii) Bachelor of Arts in Economics (Honours-Cum Laude) : Howard University, Washington DC, USA ii) Diploma in Business Administration (Accounting): Northern Virginia Community College, Virginia, USA	Economic Development, Development Finance, Financial Management, Project and Executive Management, Public Sector Experience	i) Chairperson of National Libraries ii) Commissioner: National Planning Commission	i) Corporate Services and Finance Committee ii) Heritage Programmes Projects and Research Committee Audit and Risk Committee	8/10

<i>Name</i>	<i>Designation</i>	<i>Date appointed</i>	<i>Date resigned/ Term ended</i>	<i>Qualifications</i>	<i>Area of Expertise</i>	<i>Board Directorship</i>	<i>Other Committees (NHC Sub Committees)</i>	<i>No of (5) Meetings and (5) Workshops attended</i>
Prof Susan Bouillon	Member appointed by Minister – Chairperson of	01/08/2016 – 31/07/2019	Active Member	i) LLD: NW University ii) LLM: HW University iii) LLB: NW University iv) B Juris: NW University	Planning Law, Town Planning, Heritage Law	i) Chairperson of SAHRA ii) Chairperson of Provincial Heritage Resources Authority Gauteng iii) Trustee of Key Health Medical Scheme	i) Heritage Research Programmes and Projects Committee ii) Social and Ethics Committee	10/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ms Karabo Tebogo Rapoo	Member Appointed by Minister – Chairperson of Ditsong Museums	01/08/2016 – 31/07/2019	Active Member	i). Executive Development Programme: GIBS	Internal Audit and Risk Management, Corporate Governance, External Audit	i). Chairperson of Ditsong Museums ii). Trustee Board Member of Medipos Medical Aid Scheme iii) Audit Committee Member of BestMed Medical Aid Scheme iv) Audit Committee Member of Medipos Medical Aid Scheme v) Chairperson of Risk Management Committee of DAC vi) Ex Officio member of the following Board Committees in SAPO - Audit and Risk Management Committee - IT Governance Committee - Social and Ethics Committee	i). Corporate Services and Finance Committee	9/10

Name	Designation	Date appointed	Date resigned/ Term ended	Qualifications	Area of Expertise	Board Directorship	Other Committees (NHC Sub Committees)	No of (5) Meetings and (5) Workshops attended
Ambassador Dikgang Milo Moopeloa	Member appointed by Minister – Chairperson of IZIKO Museums	01/12/2017 – 30/11/2020	Active Member	i) Post Graduate Diploma: Security Management ii) Six Sigma Green Belt Program: Motorolla University, Dubai iii) Operational Management Course I & II: SAPS iv) Management Centre Basic Police Training- National Protection Services: SAPS Training College v) Advanced Certificate: Personnel Management: Technikon Witwatersrand	Diplomacy, Security and Operations	i) Chairperson of IZIKO Museums	l). Repositioning and International Relations Committee	6/10

Council Committees

In its operations the Council is assisted by five committees. The committees are as follows:

- a) **Heritage Programmes Projects and Research Committee** – oversees the management of heritage in relation to the advancement of matters such as the coordination, promotion, funding, conservation, transformation and development of heritage in the Republic of South Africa.
- b) **Repositioning and International Relations Committee** - oversees the NHC's engagement with international bodies, organisations, experts, programmes and projects on heritage management and ensures the sustainability of the NHC and provides advice and guidance on marketing and communications.

- c) **Audit and Risk Committee** - assists the Council in fulfilling its responsibilities and provides an oversight on behalf of the Council on related audit, finance, performance and risk matters. Its charter is aligned to the duties prescribed by the PFMA and Treasury Regulations;
- d) **Corporate Services and Finance Committee** - responsible for the determination and recommendation for approval by Council of a sound human resources and remuneration philosophy, strategy and policies; reviews and monitors the integrity of NHC's monthly, quarterly and annual financial statements and any other formal announcements relating to the NHC's financial performance.
- e) **Social and Ethics Committee** - is responsible for ensuring that the NHC conducts its business responsibly with regard to ethical standards and social responsibility.

The other committees are as follows:

- f) **Risk Management Committee** - Responsible for assisting the Audit and Risk Committee and the CEO in discharging their accountability for risk management by reviewing the effectiveness of the NHC's risk management systems, practices and procedures, and providing recommendations for improvement. The Committee also compliments the work done by the Internal Audit function of the NHC.
- g) **Funding and Fundraising Committee** - Responsible for adjudication of proposals received from the annual public call for applications for funding of community heritage projects. The Committee also complements resource mobilisation efforts of management and the Council.
- h) **Heritage Panel of Experts** - Responsible for provision of expert advice and technical expertise on existing heritage programmes and projects, towards contributing to their development and implementation. It also provides guidance and assistance in conducting research and development of publications, including draft policy frameworks. Furthermore, the Panel reviews and conducts quality assurance of work produced, including research work and publications, regarding the development and implementation of heritage programmes and projects.

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

Committee	No. of ordinary meetings held	No. of special meetings held	No. of workshops held	No. of task team sessions held	No. of members	Names of members
Heritage Programmes Projects and Research Committee.	2	0	0	0	10	i). Chief L Matsila (Chairperson) ii) Mr Z Mkiva iii) Mr M Tyatyeka ⁵ iv) Mr K Seleke v) Ms L Robinson vi) Prof T Meyiwa vii) Mt T Tsehlana viii) Mr T Dlamini ix) Ms K Modise x) Mr S Leshilo

<i>Committee</i>	<i>No. of ordinary meetings held</i>	<i>No. of special meetings held</i>	<i>No. of workshops held</i>	<i>No. of task team sessions held</i>	<i>No. of members</i>	<i>Names of members</i>
Repositioning and International Relations Committee.	1	0	0	0	6	i). Mr Z Mkiva – Chairperson ii) Chief L Matsila iii) Ms L Robinson iv) Mr K Seleke v) Amb D Moopeloa vi) Ms S Mabilane
Corporate Services and Finance Committee.	1	1	0	0	6	i). Ms K Modise – Interim Chairperson ii) Ms K Rapoo iii) Ms S Mabilane iv)) Mr T Dlamini v) Adv M Mopeli vi) Mr K Seleke
Social and Ethics Committee	1	0	0	0	7	i). Prof T Meyiwa ii) Mr Z Mkiva iii) Mr S Leshilo iv) Prof S Bouillon v) Ms S Mabilane vi) Amd D Moopeloa vii) Mrs R Gani
<i>Committee</i>	<i>No. of ordinary meetings held</i>	<i>No. of special/ teleconferencing meetings held</i>	<i>No. of workshops held</i>	<i>No. of round robin sessions held</i>	<i>No. of members</i>	<i>Names of members (01 April 2017 – 31 March 2018)</i>
Audit and Risk Committee.	5	0	1	0	5	Independent Members i) Ms N Madiba – Chairperson ii). Mr Z Nomafo iii) Mr Y Haffejee Council Members iv) Mr M Makhweyane v) Mrs R Gani

1. RISK MANAGEMENT

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

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

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

2. INTERNAL CONTROLS

Internal controls remained strong during the year under review and they were continuously strengthened through the work of the Internal Auditors and the Audit and Risk Committee. To this end a range of financial controls and human resources policies were reviewed and approved. In addition, administrative compliance was strengthened considerably, with improved Supply Chain Management processes and capacity with the appointment of the Supply Chain Management Officer.

3. INTERNAL AUDIT AND THE AUDIT AND RISK COMMITTEE

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

Profile of Audit and Risk Committee

Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Resignation Date	Qualifications	Area of Expertise	Board Directorship	Other Committee's (e.g. Audit Committee)	No. of Meetings attended out of 6 sittings
Ms Nandipha Madiba.	External/Independent Member	01/10/2016 – 30/09/2019	Active Member	<ul style="list-style-type: none"> i). Chartered Directorship (IoDSA)-CDSA ii) Master of Business Administration (MBA) iii). MSc Financial Management-Part 1 (Post Graduate Diploma) iv) Hons BCompt v) B.Com Acc vi) Postgraduate Certificate : Advanced Taxation vii) Diploma: Human Resources Management viii) Certificate - Programme in Municipal Finance & Development (encompassing Strategy & Risk Management) 	Financial and Risk Management, Governance.	<p>Have been serving on boards of directors since 1995/6 and chairing/serving on various board committees.</p> <ul style="list-style-type: none"> i) CEO and Executive Chairman of About Survival Consulting Agency (ASCA) ii) Chairperson : Eastern Cape Development Corporation (ECDC) iii) Member of Overberg Water Board iv) Member of Legislature Services Board (Gauteng) and chairing Audit and Risk Committee v) Member of Sci-Bono Discovery Centre-Board vi) Member of South African Weather Service board (term ended July 2018) vii) Non-Exec Director Isibane NPC 	<p>Current Audit and Risk Chairmanship :</p> <ul style="list-style-type: none"> i) NHC ii) MHSC iii) SIU iv) CHIETA v) GPL vi) MP-DSD <p>Have been previously served on HPCSA, Eastern Cape Provincial Treasury, STAST SA. Eastern Cape Department of Social Development, SASSA,</p> <p>Chairs Risk Management Committees of Department of Energy, and Mpumalanga Department of Agriculture, Rural development, land and Environmental Affairs.</p>	6/6

Name	Designation (in terms of the Public Entity Board structure)	Date Appointed	Resignation Date	Qualifications	Area of Expertise	Board Directorship	Other Committee's (e.g. Audit Committee)	No. of Meetings attended out of 6 sittings
Mr Z Nomafu.	External/Independent Member.	01/10/2013 – 30/09/2016. Re-appointed 01/10/2016 – 30/09/2019	Active Member	i) B Compt: Transkei University ii) B Compt (Honours): Transkei University ii) M Com: Wits University iv) Chartered Accountant	Accounting and Finance, Enterprise Development	i) CEO of Mtiya Dynamics Consulting ii) Director of ICT Globe iii) CEO/Director of Sisonke Fund	i) NHC Audit and Risk Committee Member ii) Risk Management Committee Chairperson	6/6
Mr Yaasir Haffejee	External/Independent Member	01/11/2016 – 30/09/2019	Active Member	i) BCom Hons (Accounting): Natal University ii) CA(SA): SAICA iii) CIA: IIA iv) CRMA: IIA v) CFE: ACFE vi) MCom (Taxation): NMMU	Accounting, External and Internal Auditing, Performance Information and Reporting	None	NHC Audit and Risk Management Committee Member	6/6

4. COMPLIANCE WITH LAWS AND REGULATIONS

The National Heritage Council complies with pieces of legislation and regulatory imperatives applicable to it including but not limited to the National Heritage Council Act No.11 of 1999, PFMA, Treasury Regulations, Practice Notes, King IV Report, Labour laws, Health and Safety Laws, Procurement Prescripts, BBBEE etc.

5. FRAUD AND CORRUPTION

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

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

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

6. MINIMISING CONFLICT OF INTEREST

All NHC employees and Council members sign Declaration of Interest Forms in accordance with the National Heritage Council Act No.11 of 1999

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

7. CODE OF CONDUCT

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

8. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

9. COMPANY SECRETARY

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

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

10. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019. The Audit and Risk Committee (ARC) consists of five (5) members, three (3) independent non-Council members and two (2) members representing Council.

In terms of the Public Finance Management Act (PFMA), an audit committee must meet at least twice a year. In addition, Treasury Regulations 27 provides that an audit committee must meet at least annually with the Auditor General. The ARC met six (6) times during the year in compliance with the PFMA and also met with the Auditor General.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

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

RISK MANAGEMENT

The ARC is satisfied that the entity has an on-ongoing risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations and is considered effective. This has been in place for the year under review and up to the date of approval of the Annual Financial Statements and Performance Report.

EFFECTIVENESS OF INTERNAL CONTROL

The ARC is satisfied that there is reasonably effective monitoring over the system of internal controls in place

to mitigate risks as reported by Internal Audit to an acceptable level. In line with the PFMA, the internal audit coverage plan was informed by the risk management process. The coverage plan included the following reviews:

- » Human Resources Review;
- » Supply Chain Management Review;
- » Performance Information Review;
- » Projects and Programmes (Core Business) Review,
- » Financial Controls Review; and
- » Information Technology General Controls Review.

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

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The ARC has reviewed the Annual Financial Statements and were satisfied that they were in line with the quarterly reporting.

The ARC has reviewed the accounting policies applied in the compilation of the annual financial statements and it satisfied itself that the policies are consistent with those of prior years, and have been constantly applied in accordance with the National Treasury guidelines.

INTERNAL AUDIT

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

AUDITOR'S REPORT

The ARC has met and discussed with the Auditor General South Africa (AGSA) their report, to ensure that there are no unresolved issues. The Audit and Risk Committee has also reviewed the NHC's implementation plan for audit issues raised in the AGSA management report and continuous will be exercised to ensure that all matters are adequately addressed.

The ARC concurs and accepts the conclusions of the AGSA regarding the Annual Financial Statements and Performance Report are of the opinion that the Audited Annual Financial Statements and Performance Report be accepted and read together with the report of the AGSA.



Ms Nandipha Madiba "CD (SA)"

Chairperson of the Audit and Risk Committee

National Heritage Council

30 August 2019



**PART D:
HUMAN RESOURCE
MANAGEMENT**

1. INTRODUCTION

Human capital is key in ensuring that the NHC is able to effectively deliver on its mandate and strategic objectives. The primary objective of the Human Resources Unit is to ensure that the NHC has the right people in the right roles. To this end, the Human Resources Unit - which is part of Corporate Services - focused on key strategic interventions aimed at enhancing organisational effectiveness. In general, the Human Resources unit renders the following services:

- » Talent Acquisition and On-boarding
- » Human Resource Administration
- » Employee Relations
- » Learning & Development
- » Talent Management and Retention
- » Compensation and Benefits Management
- » Organisational Design and Development
- » Facilities Management

To align with the strategic objectives of the NHC – including the organisational repositioning exercise, the key priorities of HR entailed the following key interventions:

- » Job profiling and evaluation
- » Competency management
- » Skills and competency assessment
- » Training and Development
- » Change management
- » Reward management

Job Profiling and Evaluation

Following the review of the organisation structure, role profiles were redefined to ensure alignment between organisational and employee objectives. This process included the development of new role profiles that are in line with the redefined organisational structure. All jobs have been evaluated and this will inform the job architecture framework, career paths, reward management and the talent management framework.

Competency Management

A competency framework for the organisation has been adopted. The purpose of the competency framework is to highlight strategic organisational and functional competencies that will be required from current and future employees. Change management and communication on the competency framework is ongoing and critical in ensuring employee buy-in and adoption.

Skills and Competency Assessment

All roles were mapped to the adopted organisational competency framework. Following this, all employees were matched to various assessment batteries normed in accordance with the levels and nature of the roles. Skills and competency assessments have been completed for all employees to specifically highlight key areas of development that the NHC needs to invest in.

Training and Development of NHC Staff

No employee/organisation will prosper without a sustained, proactive learning process that ensures that the NHC is positioned to meet external demands. The organisational review process was utilised as an opportunity to expand the knowledge base of all employees. Identified training gaps of each employee assisted the employees to understand their job roles by strengthening their skills and knowledge. The new organisation requires employees to be innovative and be strategic thinkers, which in turn will make the NHC stronger.

Change Management (Employee Engagement)

Several staff engagement sessions took place and are on-going. The engagement process has been focusing on:

- » Employee awareness on the organisational changes underway
- » Ensuring employee readiness
- » Employee participation in designing the future state

The staff sessions were complemented with one-on-one feedback sessions. Change management is an on-going process and thus further engagement sessions continue to take place.

Reward Management

Having completed the job evaluation exercise, all roles were benchmarked to market. The intention of the reward management exercise and framework is to ensure that employees are compensated fairly in line with market peers in their respective fields and that overall compensation costs are managed within acceptable staff costs ratios.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

<i>Programme</i>	<i>Total Expenditure for the entity (R'000)</i>	<i>Personnel Expenditure (R'000)</i>	<i>Personnel exp. as a % of total exp. (R'000)</i>	<i>No. of employees</i>	<i>Average cost per employee (R'000)</i>
CEO's Office	5,953	4,128	6%	3	1,376
Heritage	26,860	3,324	5%	4	831
Corporate Services	23,510	7,455	32%	10	
Marketing	2,998	1,133	2%	1	1,133
Funding	3,833	2,311	3%	3	770
LHR	3,435	2,449	3%	3	816
Company Secretariat	7,159	2,261	3%	2	1,131
Total	73,748	23,061	54%	26	6,803

Personnel cost by salary band

<i>Level</i>	<i>Personnel Expenditure (R'000)</i>	<i>% of personnel exp. to total personnel cost (R'000)</i>	<i>No. of employees</i>	<i>Average cost per employee (R'000)</i>
Top Management	1,909	8%	1	1,909
Senior Management	14,316	62%	13	1,101
Professional qualified	1,731	8%	2	866
Skilled	4,618	20%	7	660
Semi-skilled	190	1%	1	190
Unskilled	297	1%	2	149
Total	23,061	100%	26	4,875

Performance Rewards

<i>Programme</i>	<i>Performance rewards</i>	<i>Personnel Expenditure (R'000)</i>	<i>% of performance rewards to total personnel cost (R'000)</i>
Top Management	253	23,061	1%
Senior Management	1,713	23,061	7%
Professional qualified	227	23,061	1%
Skilled	594	23,061	3%
Semi-skilled	25	23,061	-
Unskilled	36	23,061	-
TOTAL	2,848	23,061	12%

Training Costs

<i>Directorate/ Business Unit</i>	<i>Personnel Expenditure (R'000)</i>	<i>Training Expenditure (R'000)</i>	<i>Training Expenditure as a % of Personnel Cost.</i>	<i>No. of employees trained</i>	<i>Avg training cost per employee</i>
CEO's Office	4,128	5	-	1	5
Heritage	3,324	7	-	2	4
Corporate Services	7,455	83	1%	7	12
Marketing	1,133	-	-	-	-
Funding	2,311	-	-	-	-
LHR	2,449	55	2%	1	55
Company Secretariat	2,261	282	12%	2	141
Total	23,061	432	2%	13	217

Employment and vacancies

Programme	2017/2018 No. of Employees	2018/2019 Approved Posts	2018/2019 No. of Employees	2018/2019 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	11	16	13	3	5%
Professional Qualified	2	16	2	14	26%
Skilled	7	19	7	12	22%
Semi-Skilled	1	1	1	-	-
Unskilled	2	2	2	-	-
TOTAL	24	55	26	29	53%

The number of employees includes appointments and terminations.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	11	2	-	13
Professional qualified	2	-	-	2
Skilled	7	-	-	7
Semi-skilled	1	-	-	1
Unskilled.	2	-	-	2
Total	24	-	-	26

Reasons for staff leaving

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

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

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

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

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



**PART E:
FINANCIAL
INFORMATION**

REPORT OF THE CHIEF EXECUTIVE OFFICER

I wish to express my warm appreciation to the Executive and Accounting Authority respectively for their continued support and oversight role. I would also like to extend my appreciation to the Audit and Risk Committee and Internal Audit Function for their contribution to a sound control environment, and my management team and staff for their continued resilience throughout the financial year, despite many challenges we encountered.

FINANCIAL HIGHLIGHTS AND CHALLENGES

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Nothing has come to the attention of the National Heritage Council (NHC) to indicate that the organisation would not remain a going concern for the foreseeable future, based on forecasts and its liquidity.

The going concern assumption is valid in the light of the funding from the Department of Arts and Culture (DAC) and fundraising initiatives.

It should be noted that the funding made available by the DAC is insufficient for the NHC to fulfil its full mandate. Thus funding remains a constraint.

As at 31 March 2019, the NHC reported a deficit of R 3,8 million. This is attributed to the deferred expenditure which is set off against accumulated surplus in the Statement of Changes in Net Assets as required by accounting standards. The accounting treatment does not represent a cash deficit.

The NHC through fundraising initiatives and partnerships generated additional resources of R 2,5 million in 2018/19 financial year. (PART E (Notes to the Annual Financial Statement: Note 36 Other Significant Transactions and Events))

ANNUAL PERFORMANCE

A detailed outline of the performance against objectives is listed in the Performance Report (PART A).

HUMAN RESOURCES

The HR policies were fully implemented during the financial year. Further information is provided in the Human Resource Report (PART D).

FRAUD

There were no cases of fraud reported and identified.

EVENTS AFTER THE REPORTING DATE

There were no events identified by NHC after the reporting date.

AUDIT MATTER

The NHC maintained a clean audit outcome for the period under review. It should be noted that the NHC has been a recipient of unqualified audit outcomes since inception.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Heritage Council set out on pages 61 to 97, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Heritage Council as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice) and the requirements of the Public Finance Management Act (Act 1 of 1999).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit

in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. The supplementary information set out on pages 98 to 101 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

Responsibilities of accounting authority for the financial statements

8. The Council, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act (Act 1 of 1999) and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the National Heritage Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to

cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and

appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2- heritage promotion	22 – 25

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for heritage promotion programme.

Other matter

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 18 to 25 for information on the achievement of planned targets for the year and explanations provided for the over achievement of a number of targets.

Adjustment of material misstatement

19. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of programme 2: heritage promotion . As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report .The other information does not include the financial statements, the auditor’s report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor’s report.

23. My opinion on the financial statements and findings on the reported performance information and

compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. I did not receive the other information prior to the date of this auditor’s report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor’s report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor - General

Pretoria

30 August 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, i also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the

accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for my audit opinion

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

4. I also confirm to the accounting authority that i have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF RESPONSIBILITY for the year ended 31 March 2019

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 annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual 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 annual financial statements.

The Annual Financial Statements are based on Generally Accepted Accounting Practice and 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 controls 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 National Heritage 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 controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

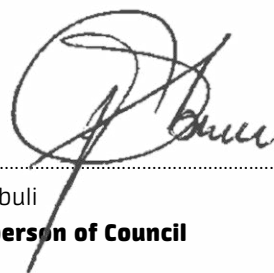
The Accounting Authority has reviewed the National Heritage Council's cash flow forecast for the year ended 31 March 2020 and, in the light of this review and the current financial position, is satisfied that the National Heritage Council has access to adequate resources to continue in operational existence 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 scale down the functions of the National Heritage Council materially.

The financial statements, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 August 2019.



.....
Adv. Sonwabile Mancotywa
Chief Executive Officer



.....
Dr T. Mbuli
Chairperson of Council

STATEMENT OF FINANCIAL POSITION as at 31 March 2019

	NOTES	2019 R '000	2018 R '000
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,812	2,120
Intangible assets	3	134	167
		30,124	31,146
Current assets			
Receivables from exchange transactions	4	193	254
Receivables from non- exchange transactions	5	2,975	2,845
Prepayments and advances	6	3,741	3,800
Cash and cash equivalents	7	23,215	24,247
		33,070	33,433
Total Assets			
LIABILITIES			
Non-current liabilities			
Finance lease obligation	10	146	306
		146	306
Current liabilities			
Payables from exchange transactions	8	7,360	3,838
Deferred income/unspent conditional grants/transfers and receipts	9	21,057	21,165
Finance lease obligation	10	160	144
Leave Accrual	11	774	833
Performance Bonuses	12	3,017	2,792
		32,368	28,772
		32,514	29,078
Total Liabilities			
TOTAL NET ASSETS			
		556	4,355
Accumulated Surplus		556	4,355
NET ASSETS			
		556	4,355

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2019

	NOTES	2019 R '000	2018 R '000
REVENUE		70,429	68,264
Non-exchange revenue		70,101	67,654
Government grant/Transfer - Department Arts and Culture	13	68,493	64,653
Amortised Government/Transfers/ Partnerships - Other	14	1,608	3,001
Exchange revenue		328	610
Other income	15	102	5
Interest received	16	226	605
TOTAL EXPENSES		(74,228)	(63,973)
Operating expenses	17	(23,640)	(19,758)
Administrative expenses	18	(18,125)	(15,985)
Employee related costs	19	(28,451)	(25,490)
Operating lease expenses	20	(2,573)	(2,153)
Provision for Doubtful Debts		(480)	-
Debt written off		(42)	-
Finance costs	21	(41)	(7)
Depreciation	22	(776)	(498)
Amortisation	23	(100)	(82)
(DEFICIT) / SURPLUS FOR THE PERIOD		(3,799)	4,291
(DEFICIT) / SURPLUS FOR THE PERIOD			
Attributable to:			
Owners of the controlling entity		(3,799)	4,291
		(3,799)	4,291

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2019

	Accumulated Surplus/(Deficit) R '000	Total net Assets R '000
Balance at 1 April 2017	64	64
Surplus for the period	4,291	4,291
Balance at 31 March 2018	4,355	4,355
Deficit for the period	(3,799)	(3,799)
Balance at 31 March 2019	556	556

CASH FLOW STATEMENT for the year ended 31 March 2019

	NOTES	2019 R '000	2018 R '000
CASH FLOW FROM OPERATING ACTIVITIES			
CASH RECEIPTS			
Government Grant/Transfer – Department of Arts and Culture	13	68,493	64,653
Other Receipts		134	5
Conditional Grants/Transfers/ Partnerships		1,500	26,302
Interest Received		1,279	519
		(70,747)	(68,617)
CASH PAID TO SUPPLIERS AND EMPLOYEES			
Employee Related Costs		(28,166)	(25,450)
Suppliers		(42,540)	(43,161)
Interest Paid		(41)	(6)
	25	659	22,862
NET CASH FLOW FROM OPERATING ACTIVITIES			
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, plant and equipment	2	(1,483)	(633)
Acquisition of Intangible assets	3	(67)	(174)
Proceeds on disposal of Property, plant and equipment		-	-
		(141)	(116)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for finance lease		(141)	(116)
		(1,032)	21,939
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS			
Cash and Cash Equivalents at the beginning of the period		24,247	2,308
	7	23,215	24,247
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2019

	Approved Budget R '000	Adjustments R '000	Final Budget R '000	Actual R '000	Variance R '000
REVENUE					
Non-exchange revenue	70,155	1,500	71,655	70,429	(1,226)
Government grant/Transfer - Department Arts and Culture	68,493	-	68,493	68,493	-
Amortised Government/Transfers/ Partnerships - Other	1,662	1,200	2,862	1,608	(1,254)
Other income	-	67	67	67	-
Sundry Income	-	35	35	35	-
Interest received	-	198	198	226	28
TOTAL EXPENSES (Excluding CAPEX)	69,155	950	70,105	74,228	4,123
Operating expenses	19,276	2,775	22,051	23,640	1,589
Administrative expenses	16,416	35	16,451	18,125	1,674
Employee related costs	31,017	(1,940)	29,077	28,451	(626)
Operating lease expenses	2,446	80	2,526	2,573	47
Provision for Doubtful Debts	-	-	-	480	480
Debt written off	-	-	-	42	42
Finance costs	-	-	-	41	41
Depreciation	-	-	-	776	776
Amortisation	-	-	-	100	100
(DEFICIT)/SURPLUS FOR THE PERIOD	1,000	550	1,550	(3,799)	(5,349)
Capital Expenditure	1,000	550	1,550	1,550	

See Note 33 for significant budget variance explanations;

Transfers and Partnerships - 33 (a),

Operating Expenses - 33 (b),

Administrative Expenses - 33 (c), and

Employee Related Costs - 33 (d).

ACCOUNTING POLICIES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual 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 annual 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 annual financial statements are disclosed in the relevant notes.

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

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

Effect of new Standards of GRAP issued

At the date of approval of these annual 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:

Standards

- GRAP 34: Separate Financial Statements
- GRAP 35: Consolidated Financial Statements
- GRAP 36: Investment in Associates and Joint Arrangements
- GRAP 37: Joint Arrangements
- GRAP 38: Disclosure of Interests in Other Entities
- GRAP 104: Financial Instruments
- GRAP 110: Living and Non-living Resources

1.1 Basis of Preparation

The annual financial statements have been prepared on the historical cost basis, except where stated otherwise. These annual financial statements are presented in South African Rands. The annual 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 that qualifies as for recognition as an asset shall be measured at its cost.

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

ITEM	AVERAGE USEFUL LIFE
Computer equipment	2 – 10 years
Office equipment	2 – 12 years
Motor vehicles	5 – 16 years
Furniture and Fittings	2 – 13 years
Leasehold Improvements	Remainder of lease period
Leased Assets	3 years (33%)/ Lease term

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

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

ACCOUNTING POLICIES

1.2 Property, Plant and Equipment (continued)

amount of another asset. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

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

1.3 Intangible Assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Average useful life
Computer software	2 years

1.4 Financial Instruments

Initial Recognition and Measurement

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

The National Heritage Council classifies financial instruments, or their component parts, on initial recognition as a financial asset or financial liability in accordance with

the substance of the contractual arrangement.

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

Trade and Other Receivables

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

ACCOUNTING POLICIES

1.4 Financial Instruments (continued)

re-measured, as obligations are usually known with a high degree of certainty and its settlement is short term.

1.5 Tax

Tax Expenses

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

1.6 Leases

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

Operating Leases

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

Finance Leases

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

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

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

1.7 Impairment of assets

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

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

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

If there is an indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

1.8 Employee benefits

Short term benefits

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

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.

ACCOUNTING POLICIES

1.10 Revenue from Non-Exchange Transactions (continued)

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

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

1.11 Revenue

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

Revenue is also recognised as follows:

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

1.12 Comparative figures

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

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

1.13 Fruitless and wasteful expenditure

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

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

1.14 Irregular expenditure

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

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year - end and/or before finalisation of the financial statements would 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 would 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 have been 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 have been 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 have thereafter been taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority would write off the amount as bad debt and disclose such in the relevant note to the financial statements. The irregular expenditure register would also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto would 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.

ACCOUNTING POLICIES

1.15 Research and development expenditure (continued)

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

1.16 Judgments made by Management

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

Fair value estimation

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

Impairment testing

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

Provisions

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

1.17 Services received in kind

Services received in kind consist primarily of technical assistance received by the National Heritage Council

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

1.18 Related Parties

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

Key management 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, Company Secretary and the Executive Manager 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.

Related party transactions do not require disclosure if the transactions occurred in a normal supplier/client relationship with more or less favourable conditions and which occurred with normal operating parameters established by that reporting entity's legal mandate.

1.19 Finance Income

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

1.20 Material Losses

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

1.21 Contingent Liabilities

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

1.22 Budget Information

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

2. PROPERTY, PLANT AND EQUIPMENT

2019

	Leasehold Improvements	Furniture and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Leased Assets	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	483	1,589	244	625	1,831	476	5,248
Accumulated depreciation	(423)	(1,261)	(240)	(350)	(828)	(26)	(3,128)
Carrying amount	60	328	4	275	1,003	450	2,120
Movements during the year	(24)	303	311	(67)	328	(159)	692
Additions	88	378	337	51	629	-	1,483
Derecognition/Disposal	-	-	(2)	(13)	-	-	(15)
Depreciation	(112)	(75)	(24)	(105)	(301)	(159)	(776)
Closing balances							
Cost	571	1,967	337	650	2,460	476	6,461
Accumulated depreciation	(535)	(1,336)	(22)	(442)	(1,129)	(185)	(3,649)
Carrying amount	36	631	315	208	1,331	291	2,812

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2018

	Leasehold Improvements	Furniture and Fittings	Motor Vehicles	Office Equipment	Computer Equipment	Leased Assets	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balances							
Cost	443	1,589	244	549	1,322	1,494	5,641
Accumulated depreciation	(368)	(1,223)	(224)	(299)	(571)	(1,439)	(4,124)
Carrying amount	75	366	20	250	751	55	1,517
Movements during the year	(15)	(38)	(16)	25	252	395	603
Additions	40	-	-	93	509	476	1,118
Derecognition/Disposal	-	-	-	(17)	-	-	(17)
Depreciation	(55)	(38)	(16)	(51)	(257)	(81)	(498)
Closing balances							
Cost	483	1,589	244	625	1,831	476	5,248
Accumulated depreciation	(423)	(1,261)	(240)	(350)	(828)	(26)	(3,128)
Carrying amount	60	328	4	275	1,003	450	2,120

A register containing the information required by section 55 of the Public Finance Management Act (PFMA) is available for inspection at the registered office of the National Heritage Council. The register reconciles to Note 2.

Pledge as security

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

3. INTANGIBLE ASSETS - 2019

Opening Balance (Cost)
 Opening balance (Accumulated Amortisation)

Carrying Amount (Opening Balances)

Additions
 Disposals
 Amortisation (During the year)

Carry Amount (Closing Balances)

Cost
 Accumulated Amortisation

Computer Software R '000	Total R '000
541	541
(374)	(374)
167	167
67	67
-	-
(100)	(100)
134	134
608	608
(474)	(474)

INTANGIBLE ASSETS- 2018

Opening Balance (Cost)
 Opening balance (Accumulated Amortisation)

Carrying Amount (Opening Balances)

Additions
 Disposals
 Amortisation (During the year)

Carry Amount (Closing Balances)

Cost
 Accumulated Amortisation

368	368
(292)	(292)
76	76
173	173
-	-
(82)	(82)
167	167
541	541
(374)	(374)

A register containing the information required by section 55 of the Public Finance Management Act (PFMA) is available for inspection at the registered office of the National Heritage Council. The register reconciles to Note 3.

Pledge as security

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

2019
R '000

13
76
104
193

2018
R '000

142
7
105
254

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Conditional Grant/Transfer Receivable
<i>Less:</i> Provision for Doubtful Debts – Lottery Receivable
<i>Financial assets</i>

3,455
(480)
2,975

2,845
-
2,845

6. PREPAYMENTS AND ADVANCES

Deposit for rent
Prepayments and advances
<i>Financial assets</i>

244
3,497
3,741

244
3,556
3,800

7. CASH AND CASH EQUIVALENTS

Cash on hand
Cash at bank
Funds held on call deposit
<i>Financial assets</i>

5
23,204
6
23,215

5
24,236
6
24,247

8. PAYABLES FROM EXCHANGE TRANSACTIONS

<i>Financial liabilities</i>
Trade payables
Salary related payables
<i>Other Payables</i>
Operating lease payables
<i>Financial liabilities</i>

7,321
6,420
901
39
39
7,360

3,838
3,056
782
-
-
3,838

The operating lease is straight lined.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

9. DEFERRED INCOME/UNSPENT CONDITIONAL GRANTS/TRANSFERS

Balance at the beginning of the year

Conditional Grants/Transfers - National Lotteries Commission

Conditional Grant/Transfers - Department of Arts and Culture

Movement during the year - Receipts

Movement during the year - Amortized

Balance at year end

Conditional Grant/Transfers - Department of Arts and Culture

Conditional Grants/Transfers - National Lotteries Commission

10. FINANCE LEASE OBLIGATION

Minimum Lease payments due

- Within one year
- In second to fifth year inclusive

Less: Future finance charges

Present value of future minimum lease payments

Present value of minimum lease payments due

- Within one year
- In second to fifth year inclusive

Current portion of finance lease obligation

Long-term portion of finance lease obligation

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

Entered into a rental operational agreement with Kopano Solutions t/a Nashua Kopano for five (5) photocopy machines effective from 1 February 2018. The contract is for a period of 3 years (36 months) at R 183,625 per annum. 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. Additional finance costs are charged by the lessor which based on the prime rate, thus attracting additional finance costs which are not included in the above reconciliation.

	2019 R '000	2018 R '000
	21,165	21,165
	15	15
	21,150	21,150
	-	-
	(108)	-
	21,057	21,165
	21,042	21,150
	15	15
	183	183
	153	336
	336	519
	(30)	(69)
	306	450
	160	144
	146	306
	306	450
	160	144
	146	306
	306	450

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

11. LEAVE ACCRUAL

Opening balances

Leave accrual

Additions

Leave accrual

Utilised

Leave accrual

Reversed

Leave accrual

Closing balances

Leave accrual

	2019 R '000	2018 R '000
	833	979
	833	979
	774	833
	774	833
	-	-
	-	-
	(833)	(979)
	(833)	(979)
	774	833
	774	833
	774	833
	774	833

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

12. PERFORMANCE BONUSES

Opening balances

Performance Bonuses

Additions

Performance Bonuses

Utilised

Performance Bonuses

Reversed

Performance Bonuses

Closing balances

Performance Bonuses

	2019	2018
	R '000	R '000
	2,792	2,630
	2,792	2,630
	3,017	2,792
	3,017	2,792
	(2,792)	(2,292)
	(2,792)	(2,292)
	-	(338)
	-	(338)
	3,017	2,792
	3,017	2,792
	3,017	2,792

Performance bonus are payable on or around September, the payment is subject to the 2018/19 audit outcome and also on how employees will perform against their performance targets. As at 31 March 2019, there was no certainty on the two prerequisites therefore a provision based on 15% of annual cash component was raised with an overall rating of 3.9% plus cost-of-living adjustment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

	2019 R '000	2018 R '000
13. GOVERNMENT GRANT/TRANSFER		
Grant/Transfer received – Department of Arts and Culture	68,493	64,653
	68,493	64,653
14. AMORTISED GOVERNMENT/TRANSFERS/PARTNERSHIPS - OTHER		
Sol Plaatje Municipality	1,000	1,000
Northern Cape Dept. of Sports, Arts & Culture	500	500
National Arts Council	-	162
SA Tourism	-	1,339
Resistance & Liberation Heritage Route (Project Management Office/PMO)	108	-
	1,608	3,001
15. OTHER INCOME		
Sundry Income	35	5
Gain on Disposal of assets	67	-
	102	5
16. INTEREST RECEIVED		
Interest revenue	226	605
Interest revenue comprises of interest received on positive bank balances and funds invested on one-day call account. Interest revenue is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.		
17. OPERATING EXPENSES		
Legal fees	-	836
Heritage projects and programmes	22,793	18,432
Staff training and development	706	340
Maintenance, repairs and running costs	141	150
	23,640	19,758

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

	2019 R '000	2018 R '000
18. ADMINISTRATIVE EXPENSES		
General and Administrative expenses	14,603	12,976
Loss on disposal of assets	-	7
Travel and Accommodation	3,522	3,002
	18,125	15,985
19. EMPLOYEE RELATED COSTS		
Basic salaries	20,480	18,118
Acting Allowance	639	891
Overtime	45	45
Employees contributions - Provident Fund	1,752	1,600
Employees contributions - UIF	55	47
Leave and bonus	2,889	2,331
Council contributions - Provident Fund	1,752	1,600
Council contributions - UIF	55	47
Council contributions - SDL	258	229
Council contributions - Medical Aid	526	582
	28,451	25,490
20. OPERATING LEASE EXPENSES		
Office space	2,303	1,918
Parking	270	235
	2,573	2,153
21. FINANCE COSTS		
Interest Paid (Other)	-	1
Interest paid on leased assets	41	6
	41	7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

22. DEPRECIATION

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

	2019	2018
	R '000	R '000
	24	16
	301	257
	105	51
	75	38
	112	55
	159	81
	776	498
	100	82

23. AMORTISATION

Computer software

24. OPERATING LEASES

The National Heritage Council renewed a rental agreement with the Delta Property Fund, effective 1 April 2018 and extended the rental agreement for further 3 months ending 30 June 2019.

Lease commitments (operating leases)

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

	658	2,435
	-	-
	658	2,435

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

25. CASH GENERATED FROM OR (USED IN) OPERATIONS

(Deficit) / Surplus for the year

Adjustments for:

Depreciation - Property, plant and equipment		
Amortisation - intangible assets		
Movement in leave and bonuses pay		
(Gain) or loss of derecognition of Property, plant and equipment		
Other non-cash - Operating Lease Accrual		
Other non-cash - Resistance Liberation amortised deferred income		
Provision for Doubtful Debts		
Debt written off		

Changes in working capital:

Trade and other receivables		
Prepayments and advances		
Trade and other payables		

	2019 R '000	2018 R '000
	(3,799)	4,291
	1,428	604
	776	498
	100	82
	166	16
	(67)	8
	39	-
	(108)	-
	480	-
	42	-
	3,030	17,967
	(550)	18,937
	59	635
	3,521	(1,605)
	659	22,862

26. RELATED PARTIES

Related party transactions (Receipts)

Grant/Transfer - Recurring expenditure - Department of Arts and Culture		
Receivable from non-exchange - Department of Arts and Culture		
Partnership - National Arts Council		

	68,493	64,653
	99	-
	-	162
	68,592	64,815

Related party transactions (Payments)

None

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

26. RELATED PARTIES (continued)

Nature:

The National Heritage Council is a schedule 3A public entity under the National Department of Arts and Culture. The Department of Arts and Culture acts on behalf of the Minister of Arts and Culture as Executive Authority and has the responsibility to make provision for funding the activities of the Council by way of a grant or transfer listed in the Estimates of National Expenditure. The National Heritage Council received R 68,493,000 (2019) and R 64, 653, 000 (2018) as operational grant. The National Heritage Council further received a reimbursement for a foreign trip (Russia) with an amount of R 99, 194 (2019).

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.

The National Heritage Council received from R 162,000 (2018) National Arts Council for a partnership Programme (Heritage Education Schools Outreach). By virtue of the fact that the National Heritage Council is a National Public Entity and controlled by the National Government, any other controlled entity of the National Government is a related party. All transactions with such entities and/or government departments are at arm's length and on normal commercial terms, except where employees of National Departments or National Public Entities participate in our processes and do not receive any remuneration.

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, Company Secretary and the Executive Manager are the positions regarded as being at key management level at the National Heritage Council.

Refer to key management disclosure. (See note 28 and 29)

27. FINANCIAL INSTRUMENTS

Liquidity risk

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

Credit risk

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

Interest rate risk

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (continued)

Current and Call Account Interest Rate

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

2019

Current & call account interest rate.			
Current Balance			
	R'000	R'000	R'000
Current bank and call account Balance	23,215	24,492	21,938
% change	5.5%		-5.5%
Finance lease agreement interest			
Current Balance			
Finance Lease Agreement	160	177	143
% change	10.5%		-10.5%

2018

Current & call account interest rate.			
Current Balance			
	R'000	R'000	R'000
Current bank and call account Balance	24,247	22,581	22,913
% change	5.5%		-5.5%
Finance lease agreement interest			
Current Balance			
Finance Lease Agreement	144	159	129
% change	10.5%		-10.5%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (continued)

An analysis of the ageing of Debtors that are more than 30 days				
Debtors type	Total	Current	30-120	120+
2019				
	R'000	R'000	R'000	R'000
Staff Debtors	76	76	-	-
Sundry Debtors	13	13	-	-
Interest Receivable	104	104	-	-
Eastern Cape (Office of the Premier)	733	-	-	733
National Lotteries Commission	480	-	-	480
National Lotteries Commission - <i>Provision for Doubtful Debts</i>	(480)	-	-	(480)
Department of Arts and Culture	1,536	-	-	1,536
Mining, Health & Safety Council	706	520	-	186
Totals	3,168	713	-	2,455

An analysis of the ageing of Debtors that are more than 30 days				
Debtors type	Total	Current	30-120	120+
2018				
	R'000	R'000	R'000	R'000
Staff Debtors	7	4	3	-
Sundry Debtors	142	-	-	142
Interest Receivable	105	105	-	-
Eastern Cape (Office of the Premier)	733	514	-	219
National Lotteries Commission	480	-	-	480
Department of Arts and Culture	1,535	1	1,534	-
Mining, Health & Safety Council	97	25	72	-
Totals	3,099	649	1,609	841

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (continued)

3) Financial Assets Subject to credit risk				
Debtors type	Total	Fully Performing	Over 30 days but not Impaired	Impaired
2019				
	R'000	R'000	R'000	R'000
Staff Debtors	76	76	-	-
Other Debtors	13	13	-	-
Interest Receivable	104	104	-	-
Eastern Cape (Office of the Premier)	733	-	733	-
National Lotteries Commission	480	-	-	480
National Lotteries Commission - <i>Provision for Doubtful Debts</i>	(480)	-	-	(480)
Department of Arts and Culture	1,536	-	1,536	-
Mining, Health & Safety Council	706	520	186	-
Totals	3,168	713	2,455	-

3) Financial Assets Subject to credit risk				
Debtors type	Total	Fully Performing	Over 30 days but not Impaired	Impaired
2018				
	R'000	R'000	R'000	R'000
Staff Debtors	7	4	3	-
Other Debtors	142	-	142	-
Interest Receivable	105	105	-	-
Eastern Cape (Office of the Premier)	733	514	219	-
National Lotteries Commission	480	-	480	-
Department of Arts and Culture	1,535	1	1,534	-
Mining, Health & Safety Council	97	25	72	-
Totals	3,099	649	2,450	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (continued)

Maturity Profile of Financial Instruments			
31-Mar-19	1 year or less	1-5 years	Total
Assets			
	R'000	R'000	R'000
Trade and other Receivables	3,168	-	3,168
Call Account	6	-	6
Current Account- Lotteries Funds	72	-	72
Current Account – Dept. of Arts and Culture	35	-	35
Current Account – Dept. of Arts and Culture – Ring fenced	23,095	-	23,095
Current Account – Eastern Cape (Office of the Premier)	1	-	1
Partnerships – Current Account	1	-	1
Cash on hand	5	-	5
Total Financial assets	26,383	-	26,383
Finance lease	(160)	(146)	(306)
Trade and other Payables	(7,360)	-	(7,360)
Total Finance Liability	(7,520)	(146)	(7,666)
Net Financial Asset/ liability	18,863	(146)	18,717

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (continued)

Maturity Profile of Financial Instruments

31-Mar-18	1 year or less	1-5 years	Total
Assets			
	R'000	R'000	R'000
Trade and other Receivables	3,099	-	3,099
Call Account	6	-	6
Current Account- Lotteries Funds	166	-	166
Current Account – Dept. of Arts and Culture	1,781	-	1,781
Current Account – Dept. of Arts and Culture – Ring fenced	22,169		22,169
Current Account – Eastern Cape (Office of the Premier)	1	-	1
Partnerships – Current Account	119	-	119
Cash on hand	5	-	5
Total Financial assets	27,346	-	27,346
Liabilities			
Finance lease	(144)	(306)	(450)
Trade and other Payables	(3,838)	-	(3,838)
Total Finance Liability	(3,982)	(306)	(4,288)
Net Financial Asset/ liability	23,364	(306)	23,058

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

27. FINANCIAL INSTRUMENTS (Continued)

5) Line items presented in the statement of financial position summarised per category of Financial Instrument			
2019			
	Carrying Amount	Adjustment	Fair value
	R'000	R'000	R'000
Financial Assets			
Cash and Cash equivalents	23,215	-	23,215
Trade and other receivables	3,168	-	3,168
Financial Liability			
Finance lease Agreement	306	-	306
Trade and other Payables	7,360	-	7,360
Line items presented in the statement of financial position summarised per category of Financial Instrument			
2018			
	Carrying Amount	Adjustment	Fair value
	R'000	R'000	R'000
Financial Assets			
Cash and Cash equivalents	24,247	-	24,247
Trade and other receivables	3,099	-	3,099
Financial Liability			
Finance lease Agreement	450	-	450
Trade and other Payables	3,838	-	3,838

Pledge as security

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

28. MEMBERS EMOLUMENTS - NON-EXECUTIVE

2019

Names and Designations	Honoraria R'000	Travel R'000	Honoraria -Other R'000	Other Travel R'000	Total R'000
Dr T. Mbuli (Chairperson of Council)	105	20	176	33	334
Prof T. Meyiwa(Deputy Chairperson of Council)	66	3	4	-	73
Ms K. Modise – Member of Council	69	11	10	1	91
Mr T. Tsehlena – Member of Council	64	3	2	-	69
Chief L. Matsila – Member of Council	41	37	-	-	78
Dr M. Tyatyeka – Member of Council ##	54	12	2	2	70
Ambassador D. Moopela – Member of Council	39	4	2	-	45
Mr M.T. Makhweyane – Member of Council	71	2	7	-	80
Prof S. Bouillon – Member of Council	64	3	5	-	72
Ms S. Mabilane – Member of Council	81	49	5	3	138
Ms L. Robinson – Member of Council	48	-	3	-	51
Ms K. Rapoo – Member of Council	48	-	-	-	48
Adv M. Mopeli – Member of Council	41	4	-	-	45
Mr K. Sekele – Member of Council	77	9	13	4	103
Mr Z. Mkiva – Member of Council	74	18	10	4	106
Mr T. Dlamini – Member of Council	46	3	-	-	49
Ms R. Gani – Member of Council	64	-	2	-	66
Mr S. Leshilo – Member of Council #	87	5	5	1	98
Mr M. Metuse – Member of Council #*	-	-	-	-	-
Ms N. Ngobese – Member of Council #*	-	-	-	-	-
Mr P. Tsebe – Member of Council #*	-	-	3	-	3
Ms N. Madiba (Chairperson Audit and Risk Committee) – Independent	167	12	25	1	205
Mr Z. Nomafu – (Audit and Risk Committee Member and Chairperson of Risk Management Committee) – Independent	80	6	-	-	86
Mr Y. Haffejee – (Audit and Risk Committee Member) – Independent	40	2	-	-	42
	1,426	203	274	49	1,952

Appointment Terminated

Resigned

* Appointed in 2018/19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

28. MEMBERS EMOLUMENTS - NON-EXECUTIVE (continued)

2018

Names and Designations	Honoraria R'000	Travel R'000	Honoraria -Other R'000	Other Travel R'000	Total R'000
Dr M. Balintulo (Chairperson of Council)##	50	18	132	56	256
Dr T. Mbuli (Chairperson of Council)	24	9	37	33	103
Ms A. Damane (Deputy Chairperson of Council)##	122	5	17	2	146
Prof T. Meyiwa(Deputy Chairperson of Council)	7	1	-	-	8
Dr M. Tawane## - Member of Council	71	1	2	-	74
Mr V. Bila## - Member of Council	61	11	-	-	72
Adv. S. Botha## - Member of Council	38	1	2	-	41
Mr B. Pelele## - Member of Council	42	36	-	-	78
Chief L. Matsila - Member of Council	43	53	-	-	96
Dr M. Tyatyeka - Member of Council	45	8	8	2	63
Ms P. Kadi## - Member of Council	75	4	14	1	94
Mr M. Makhweyane - Member of Council	54	2	-	-	56
Prof S. Bouillon - Member of Council	40	3	-	-	43
Ms K. Rapoo - Member of Council	24	-	-	-	24
Ms L. Robinson - Member of Council	7	-	-	-	7
Ms S. Mabilane - Member of Council	7	4	-	-	11
Adv M. Mopeli - Member of Council	7	-	-	-	7
Mr K. Sekele - Member of Council	7	-	-	-	7
Mr Z. Mkiva - Member of Council	12	4	-	-	16
Mr T. Dlamini - Member of Council	7	1	-	-	8
Ms R. Gani - Member of Council	7	-	-	-	7
Ambassador D. Moopela - Member of Council	-	-	-	-	-
Ms K. Modise - Member of Council	-	-	-	-	-
Mr T. Tsehlana - Member of Council	-	-	-	-	-
Mr S. Leshilo - Member of Council	-	-	-	-	-
Ms N. Madiba (Chairperson Audit and Risk Committee) - Independent	150	12	21	2	185
Mr Z. Nomafu - (Audit and Risk Committee Member and Chairperson of Risk Management Committee) - Independent	80	5	8	-	93
Mr Y. Haffejee - (Audit and Risk Committee Member) - Independent	56	3	8	-	67
	1,037	181	249	96	1,562

##Lapsed

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

29. MEMBERS EMOLUMENTS (EXECUTIVE)

2019

Designation	Effective Date	Basic Salary sR'000	Acting Allowance R'000	Travel Allowance R'000	Medical R'000	Performance Bonuses R'000	Provident Fund R'000	Long Service Award R'000	Total R'000
Chief Executive Officer	1-April-18	1,534	-	150	33	473	298	-	2,488
General Manager:	1-Nov-18	504	-	-	6	-	89	-	599
Heritage Acting General Manager #	1-April-18 to 31-Oct-18	-	190	-	-	-	-	-	190
Chief Financial Officer	1-April-18	1,241	-	-	25	174	219	-	1,659
Executive Manager	1-April-18	1,104	-	151	39	177	221	-	1,692
Company Secretary	1-April-18	1,255	-	-	40	177	221	5	1,698
		5,638	190	301	143	1,001	1,048	5	8,326

Vacant – Received Acting Allowance

2018

Designation	Effective Date	Basic Salary R'000	Acting Allowance R'000	Travel Allowance R'000	Medical R'000	Performance Bonuses R'000	Provident Fund R'000	Long Service Award R'000	Total R'000
Chief Executive Officer	1-April-17	1,444	-	150	51	373	281	-	2,299
General Manager: Heritage ##	1-April-17	-	355	-	-	-	-	-	355
Chief Financial Officer	1-April-17	1,174	-	-	24	240	207	-	1,645
Executive Manager	1-April-17	1,037	-	151	30	139	210	5	1,572
Company Secretary	1-April-17	1,419	-	-	38	171	251	-	1,879
		5,074	355	301	143	923	949	5	7,750

- Received Acting Allowance

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

30. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

30.1 Details of Irregular Expenditure

Opening Balance

Add: Irregular Expenditure current year

Less: Irregular Expenditure condoned/ recovered

2019 R'000	2018 R'000
-	-
134	341
-	(341)
134	-

Analysis of irregular expenditure condoned by the Accounting Authority per age classification:

Current Year

Prior Years

-	341
-	-
-	341

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

Current Year

Prior Years

134	-
-	-
134	-

Details of irregular expenditure - current year:

Incident

Operating contract extended and approved by non-delegated official - Under Investigation

134	341
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

30. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (Continued)

30.2 Details of Fruitless and Wasteful Expenditure

Opening Balance

Add: Fruitless and wasteful expenditure current year

Less: Fruitless and wasteful expenditure condoned / recovered

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

Current Year

Prior Years

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

Current Year

Prior Years

	2019 R'000	2018 R'000
Opening Balance	-	-
Add: Fruitless and wasteful expenditure current year	-	-
Less: Fruitless and wasteful expenditure condoned / recovered	-	-
	-	-
Analysis of fruitless and wasteful expenditure condoned by the Accounting Authority per age classification:		
Current Year	-	-
Prior Years	-	-
	-	-
Analysis of irregular expenditure per age classification awaiting condonation per classification:		
Current Year	-	-
Prior Years	-	-
	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

31. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Nothing has come to the attention of Management and Accounting Authority to indicate that the organisation would not remain a going concern for the foreseeable future, based on forecasts and its liquidity.

32. EVENTS AFTER REPORTING DATE

The council is not aware of any matter of circumstance arising since the end of the reporting period.

33. BUDGET VARIANCES

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

Explanation for other significant variances are:

- a. Delays in transferring financial support from partners in respect of heritage programmes and projects,
- b. Operating Expenses – Operating expenses include R 2, 285, 253 which relates to prepayments and advances to heritage funded projects as required by the applicable accounting standard i.e deferred expenditure. The accounting treatment does not represent a cash deficit.
- c. Administrative Expenses – During the period under review the costs of compliance increased due to full composition and attendance of the Council as prescribed by the NHC Act,
- d. Employment Related Costs – The NHC undertook an organizational review process which led to migration of existing personnel from the old to new structure which delayed filing of other funded posts.

34. COMMITMENTS

	Amount 2019 R'000	Amount 2018 R'000
Up to one year		
Funding Disbursements (Heritage Funded Projects)	2,909	2,189
Heritage Projects	122	829
Quotations and contracts (Excluding Finance and Operating Leases)	3,168	3,986
Later than one year and not later than 5 years		
Quotations and contracts (Excluding Finance and Operating Leases)	-	889
TOTAL	6,199	7,893

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2019

35. CHANGES IN ACCOUNTING ESTIMATES

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

Class	Depreciation/Amortisation R'000	Accumulated Depreciation R'000	Effect: Statement of Financial Position	Effect: Statement of Financial Performance
Motor Vehicle	39	39	Increase to carrying amount	Increase to surplus
Leasehold Improvement	(76)	(76)	Decrease to carrying amount	Decrease to surplus
Office Equipment	(39)	(39)	Decrease to carrying amount	Decrease to surplus
Furniture and Fittings	45	45	Increase to carrying amount	Increase to surplus
Computer Equipment	251	251	Increase to carrying amount	Increase to surplus
Intangible Assets	16	16	Increase to carrying amount	Increase to surplus
Total	236	236		

ANNUAL FINANCIAL STATEMENTS for the year ended 31 MARCH 2019

36. OTHER SIGNIFICANT TRANSACTIONS AND EVENTS

36.1 The National Heritage Council received financial support in cash from the following partners:

Sol Plaatje Municipality *(in support of the Golden Shield Heritage Awards)*

Northern Cape Dept. of Sports, Arts & Culture *(in support of the Golden Shield Heritage Awards)*

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

Department of Basic Education and Provincial Departments (Gauteng, Free State, Northern Cape, North West, Kwa Zulu Natal, Western Cape)

South African National Parks

National Film and Video Foundation

Limpopo Heritage Resources Authority

36.3 The following amount is receivable from the Coalbrook Mining Disaster Project.

	R'000
	1,000
	500
	1,500
	631
	99
	148
	117
	995
	706
	706

DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2019

	2019 R'000	2018 R'000
Revenue	70,429	68,264
Government grant/transfer	68,493	64,653
Amortised conditional grants/transfers/partnerships - Other	1,608	3,001
Other income	102	5
Interest received	226	605
	(74,228)	(63,973)
Expenses		
Operating expenses	(23,640)	(19,758)
Administrative expenses	(18,125)	(15,985)
Employment related costs	(28,451)	(25,490)
Operating lease expenses	(2,573)	(2,153)
Provision for Doubtful Debts	(480)	-
Debt written off	(42)	-
Finance costs	(41)	(7)
Depreciation	(776)	(498)
Amortisation	(100)	(82)
	(3,799)	4,291
(DEFICIT)/SURPLUS FOR THE PERIOD		

DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2019 (continued)

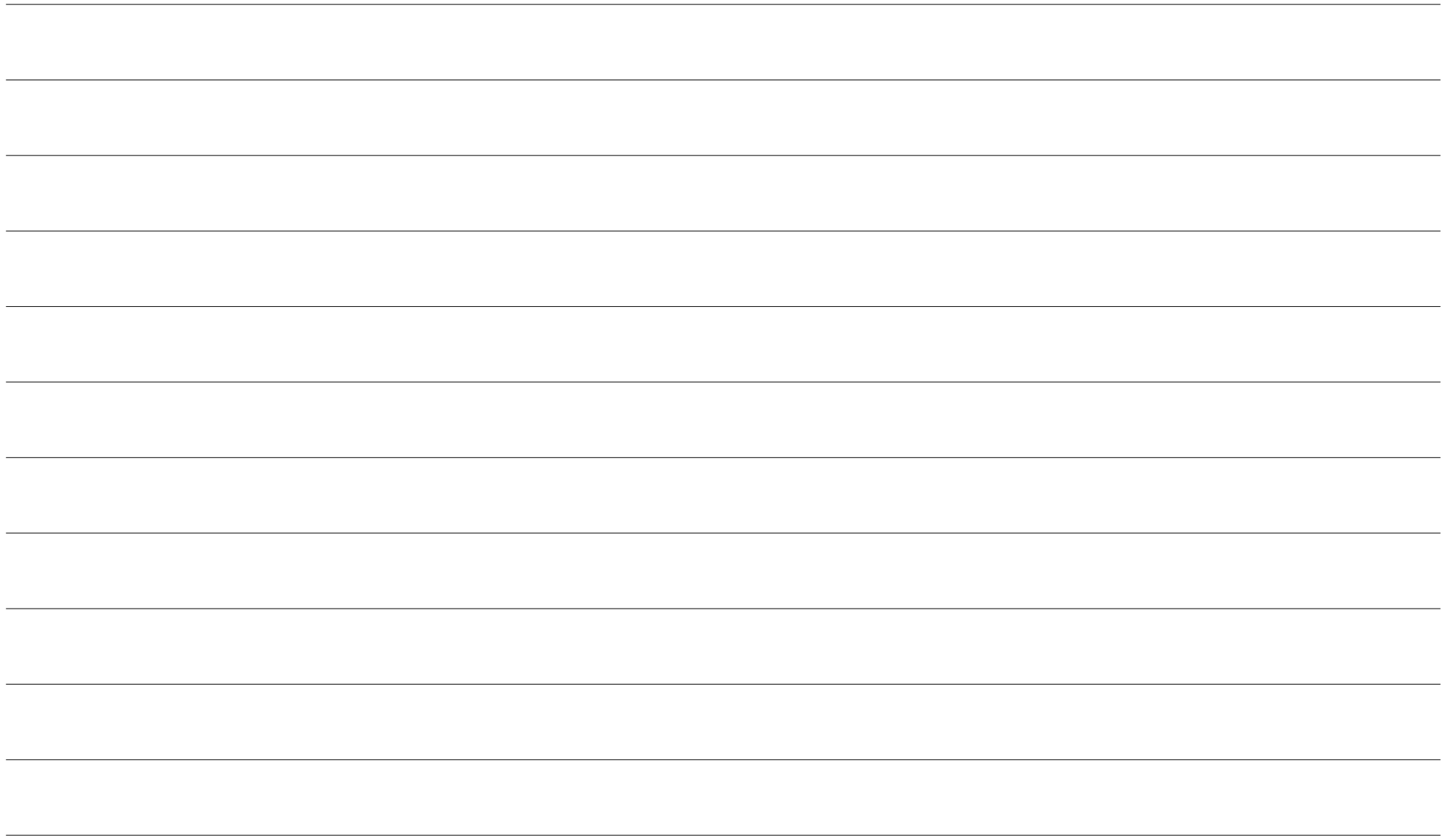
	2019 R'000	2018 R'000
OPERATING EXPENSES		
Legal Fees	-	836
Heritage Projects and Programmes	22,793	18,432
Funding disbursements (Heritage Funded Projects)	2,804	1,835
Heritage Resource Centre	33	71
Ubuntu in Nation building	55	75
Heritage Strategic Programmes	5,361	3,889
Heritage Engagement with Sector	4,926	3,601
SATMA Awards	1,226	296
Heritage Awards	4,266	3,565
Support of Youth Heritage	-	774
Heritage and Education Outreach Programme Project	575	1,108
Policy Framework	-	222
Heritage of Khoi San People	-	83
Position Papers	-	20
Research Plan	-	7
Impact Studies	422	145
Heritage Experts	343	-
Publish of Heritage Volumes	2	-
Contribution to Policy	1,183	438
LHR Struggle Icon	304	1,339
Home of Legends	65	218
Heritage Project Expense	434	85
Heritage sites	794	661

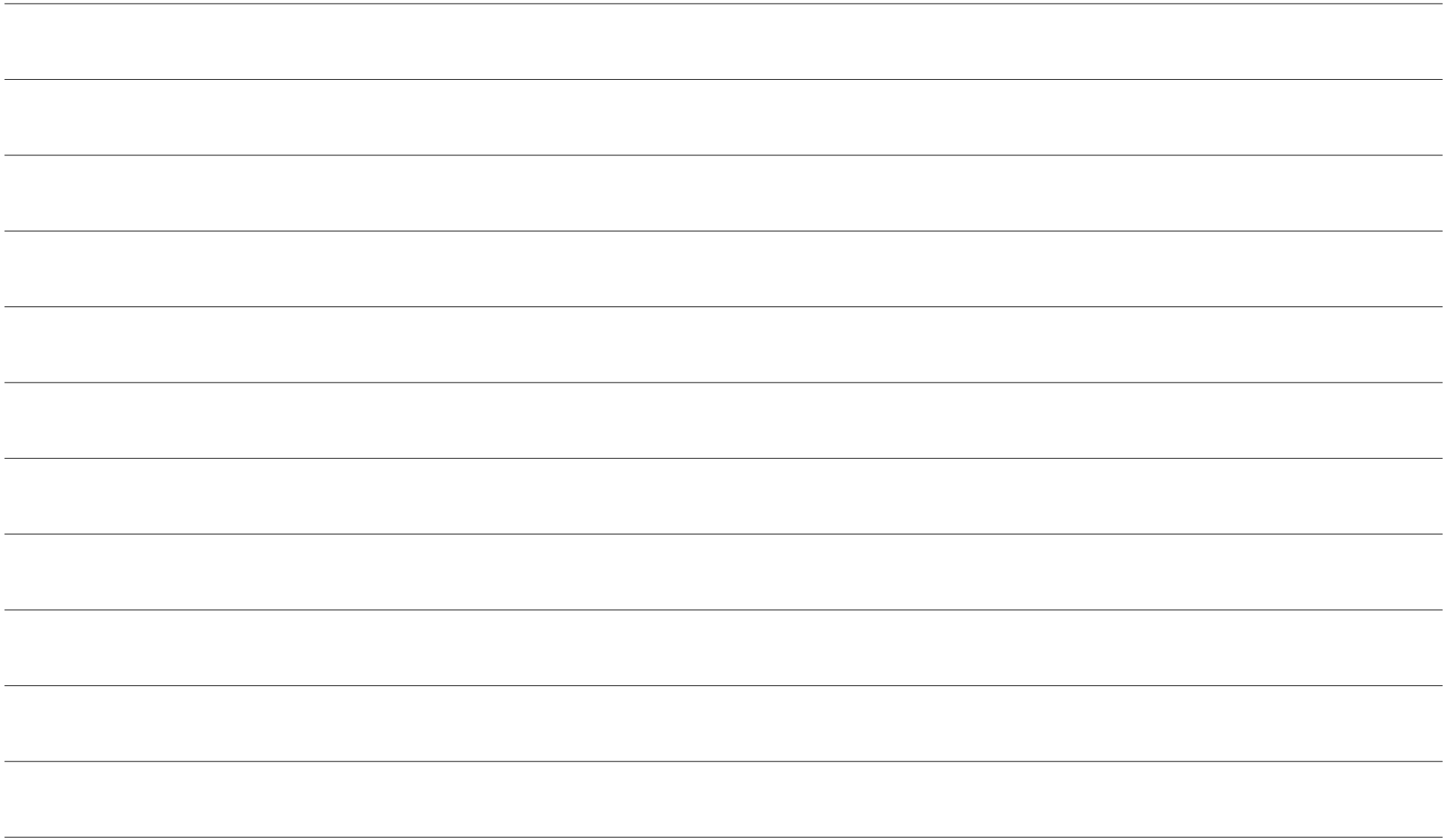
DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2019 (continued)

	2019	2018
	R'000	R'000
OPERATING EXPENSES (continued)		
Staff Training and Development	706	340
Staff Training	432	257
Subscriptions	274	83
Maintenance, Repairs and Running Costs	141	150
Repairs and Maintenance	141	150
	23,640	19,758
ADMINISTRATIVE EXPENSES		
General and Administrative Expenses	14,603	12,983
Catering Meetings	168	100
Audit Fees (Internal)	561	268
Audit Fees (External)	980	1,184
Advertising of Posts	84	-
Fruitless & Irregular Expenditure	134	-
Marketing & Communication	810	1,359
Advertising - Tenders & Policies	184	440
Bank Charges	37	35
Consulting Fees	2,234	991
Courier & Postage	30	33
Electricity, Water & Refuse	485	334
COIDA	-	43
Honoraria	1,818	1,427
Insurance	132	24
Staff Welfare	184	127
Loss on disposal of assets	-	7
Rentals - Printers	-	344

DETAILED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2019 (continued)

	2019 R'000	2018 R'000
ADMINISTRATIVE EXPENSES		
General and Administrative Expenses (continued)		
Rentals - Office Equipment	135	89
Motor Vehicle Expenses	88	143
Printing & Stationery	158	591
Rates & Taxes	232	190
Publications	629	584
Recruitment Cost	271	42
Workshops	1,131	1,129
Sundry Expense (Stakeholder Relations)	5	25
Telephone & Faxes	760	624
Cell phone Accounts	522	480
Temp Staff	1,649	1,476
IT Support	360	212
Service Charges	822	682
Travel and Subsistence	3,522	3,002
	18,125	15,985
EMPLOYEE RELATED COSTS		
Salaries	25,562	23,182
Leave Pay	(128)	(145)
Performance Bonus Pay	3,017	2,453
	28,451	25,490







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