



**Towards a Culture  
of Human Rights**

South African Human Rights Commission  
Annual Financial Statements  
for the year ended 31 March 2023  
Auditor General South Africa  
Registered Auditors

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## General Information

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**Country of incorporation and domicile**

South Africa

**Member**

Adv BC Majola ( Chairperson)  
Adv F Chohan ( Deputy)  
Adv. AH Gaum  
Ms P Ntuli  
Ms MA Makwetla  
Adv. JB Malatji  
Mr AC Nissen  
Mr JB Sibanyoni

**Registered office**

27 Stiemens Street  
JD Building  
Braamfontein  
2001

**Business address**

27 Stiemens Street  
JD Buidling  
Braamfontein  
2017

**Postal address**

Private Bag x2700  
Houghton  
2041

**Telephone**

011 877 3600

**Website**

[www.sahrc.org.za](http://www.sahrc.org.za)

**Bankers**

First National Bank South Africa

**Auditors**

Auditor General South Africa  
Registered Auditors  
4 Daventry Street  
Lynnwood Bridge Office Park  
Lynnwood Manor  
0081

**Chief Executive Officer**

Sunrise V Mkhize  
Lutendo Siphugu

**Acting Chief Financial Officer  
Reporting Framework**

**Relevant Framework**

Generally Recognized Accounting Practice  
Public Finance Management Amendment Act ( Act No.1 of 1999)  
South African Human Rights Commission Act, 40 of 2013  
Constitution of SA  
Promotion of Access to Information Act 2 of 2000 (PAIA)  
Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 (PEPUDA)  
Promotion of Administrative Justice Act 3 of 2000 (PAJA)  
Employment Equity Act & Basic Conditions of Employment

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
SA GAAP	South African Statements of Generally Accepted Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
CRR	Capital Replacement Reserve
DOJCD	Department of Justice and Constitutional Development
IPSAS	International Public Sector Accounting Standards
DPWI	Department of Public Works and Infrastructure

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Audit Committee Report

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The Audit Committee is pleased to present its report for the financial year ended 31 March 2023.

### Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference and makes provision for two (2) extra special audit committee meetings as might be required. During the current year four (4) quarterly meetings were held.

Name of member	Number of meetings attended
Mr B. Modise**	4
Mr G. Paulse *	1
Mr N. Nxasana *	1
Ms. L. Mtshali	4

\*\* Appointed as Chairperson on 01 November 2022

\*Appointed as member on 01 November 2022

### Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 76 and 77 of the Public Finance Management Act and Treasury Regulation 3.1.8 to 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### Corporate Governance

The Committee is of the opinion that South African Human Rights Commission (SAHRC) continues to strive towards complying with sound principles of corporate governance. The Commission recently roll-out a an online governance framework from Corporate Governance Framework (CGF) service provider. CGF made a number of recommendations, which are currently be considered for implementation in the new financial period i.e 2023-24. Audit Committee will monitor the implementation of these recommendations through out the financial year 2023-24.

### Compliance

During the current financial year, the Committee monitored and was comfortable with the compliance of various pieces of legislation impacting the SAHRC. There are areas of non-compliance identified within the Supply Chain Management area which requires improvement in the monitoring control systems in place. Internal controls systems are currently undergoing process improvements to address the weaknesses identified. CGF also assessed the institutional compliance universe and provided recommendations. The Committee will also monitor the implementation of these recommendations during the 2023-24 financial year.

### Effectiveness of Internal Controls

The systems of internal controls are designed to provide reasonable assurance on the policies, procedures, behaviours and other aspects of the Commission. This enables effective and efficient operation, to ensure the quality of internal and external reporting, and ensure compliance with applicable laws and regulations.

In line with the PFMA and King Report on Corporate Governance requirements, Internal Audit provides the Committee with reasonable assurance that the internal controls are adequate and effective. This is achieved by means of reviews and testing of the design and effectiveness of implemented internal controls as well as the identification of corrective actions and suggested enhancement to the internal controls and processes.

From the various reports of the Internal Auditors, the audit report on financial statements, and the management letter from the Auditor General South Africa (AGSA), non-compliance with policies and procedures have been reported. Some of these deficiencies were due to procurement system weaknesses and malfunction. It is noted that remedial actions are in progress to address these areas of concern and Internal Audit will review them during the new financial period. Accordingly, we can report that the systems of internal control for the period under review were partially efficient and partially effective.

### Risk Management

In fulfilling its oversight responsibilities, in relation to risk management, the Committee reviewed the risk management framework, strategy, policy, and monitored the implementation of risk mitigation strategies.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Audit Committee Report

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There is a need to improve the system of risk management, beginning by conducting organisation-wide annual risk assessments, and implementing the risk management strategy. Regular review and assessment of risk treatment plans and percentage implemented as planned. In our opinion the SAHRC's approach to risk management processes is partially adequate and effective.

### Performance Management

The predetermined objectives management performance has been declining for the past successive financial period. The AGSA opinion in the prior financial year was disclaimer, which is the worst. The main reasons for this adverse opinion was performance indicators which are not SMART, no adequate evidence for reported achieved performance, and late submission of performance evidence to the external auditors. Internal Audit together with Strategic Support and Governance (SSG) unit adopted One Drive Microsoft platform as an official storage tool for the Commission. The CEO office supported the initiative, and all staff members were trained on the usage of this tool. Strategic Support and Governance unit approached Department to Monitoring and Evaluation (DPME) and the AGSA to review the performance targets for 2023-24 to ensure that are SMART. Internal Audit worked closely with SSG to review reported performance against the targets, and a significant improvement was realised within the promotion and protection programmes.

### In-Year Management and Quarterly Reports

The Audit Committee has noted the content and quality of the Quarterly Reports prepared and issued by the Accounting Officer during the year under review.

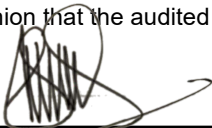
### Evaluation of Financial Statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

### Auditor's Report

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



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**Mr B. Modise**  
Chairperson of the Audit Committee

Date: 31 July 2023



## **Report of the Auditor General**

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To the Provincial Legislature of South African Human Rights Commission

























# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Chief Executive Officer Report

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The members submit their report for the year ended 31 March 2023.

### 1. Incorporation

The entity was incorporated on 01 April 1996 and obtained its certificate to commence business on the same day.

As the Accounting Officer I am required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), to maintain adequate accounting records and I am responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is my responsibility as the Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in accordance with the PFMA.

### 2. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R 70,1m and that the entity's total assets exceed its liabilities by R 70,1m

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As the Accounting Officer I have reviewed the entity's cash flow forecast for the year to 31 March 2023 and in the light of this review and the current financial position, I am satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

### 3. Members

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality
Adv BC Majola ( Chairperson)	South Africa
Adv F Chohan ( Deputy)	South Africa
Adv. AH Gaum	South Africa
Ms P Ntuli	South Africa
Ms MA Makwetla	South Africa
Adv. JB Malatji	South Africa
Mr AC Nissen	South Africa
Mr JB Sibanyoni	South Africa

### 4. Corporate governance

#### General

The members are committed to business integrity, transparency and professionalism in all of its activities. As part of this commitment, the members support the highest standards of corporate governance and the ongoing development of best practices.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The members discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Chief Executive Officer Report

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### Corporate governance (continued)

#### Functioning of the Audit Committee

The SAHRC Audit Committee continues to function and has met four times during the period under review. The Audit Committee is responsible for improving management by providing oversight over the audit functions, internal controls and the financing process

#### Internal Audit

In line with the PFMA requirements, the internal audit activity provides the Audit Committee and management assurance that the internal controls are appropriate and effective. This is achieved by means of objective appraisal and evaluation of the risk management process, internal control and governance processes. The audit plan is responsive to the Commission's risk profile. For the year under review Internal Audit executed 91% of the approved plan.

The Internal Audit activity is fully supported by management, the Commissioners and the Audit Committee, and has full unrestricted access to all organisational activities records, property and personnel.

#### 5. Auditors

External auditors are responsible for the independent audit of the entity's Annual Financial Statements, compliance and audit of predetermined objectives and subsequently providing an audit opinion on the three audits performed.

#### 6. Risk Management

The legislating of the implementation of risk management in the public sector institutions is part of a macro strategy of the South Africa government towards ensuring the achievement of public sector institutional goals and objectives. For the Commission, this mandate can be found in Section 77 of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999; Treasury Regulation 3.1.10 and Treasury Regulations 3.1.13) Risk management therefore forms an integral part of the Commission's plan to deliver effectively and efficiently on its mandate.

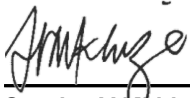
The Commission continues to recognise the importance of risk management in ensuring its objectives are implemented and therefore endeavours to comply with the requisite legislation as it pertains to risk management.

The risk management process is facilitated by the Chief Financial Officer who is also responsible for chairing the Risk Management Committee.

#### 7. Approval of finances

The financial statements fairly represent the state of affairs of the Commission as at 31 March 2023. The statements are the responsibility of the Commission while the auditors are responsible for reporting on the fair presentation of these financial statements. The annual financial statements reflect appropriate accounting policies and adhere to applicable accounting standards.

The annual financial statements set out on page 18 - 54, which have been prepared on the going concern basis, were approved by the members on 28 July 2023 and were signed on its behalf by:



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**Sunrise V Mkhize**  
**Chief Executive Officer**  
**South African Human Rights Commission**

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Statement of Financial Position as at 31 March 2023

	Note(s)	2023 '000	2022 '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	135	155
Operating lease asset	5	98	19
Receivables from exchange transactions	8	326	435
Prepayments	6	699	814
Cash and cash equivalents	9	61 175	57 314
		<b>62 433</b>	<b>58 737</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	20 972	20 874
Intangible assets	4	1 427	1 590
		<b>22 399</b>	<b>22 464</b>
<b>Total Assets</b>		<b>84 832</b>	<b>81 201</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	-	114
Operating lease liability	5	180	42
Payables from exchange transactions	14	5 390	8 723
Unspent conditional grants and receipts	11	318	318
Employee benefits	13	1 121	1 216
Provision for leave accrued	12	6 776	8 295
		<b>13 785</b>	<b>18 708</b>
<b>Non-Current Liabilities</b>			
Operating lease liability	5	1 427	1 046
<b>Total Liabilities</b>		<b>15 212</b>	<b>19 754</b>
<b>Net Assets</b>		<b>69 620</b>	<b>61 447</b>
Accumulated surplus		69 620	61 447
<b>Total Net Assets</b>		<b>69 620</b>	<b>61 447</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Statement of Financial Performance

	Note(s)	2023 '000	2022 '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Administrative fees	15	227	236
Interest received - investment	15	3 102	1 486
<b>Total revenue from exchange transactions</b>		<b>3 329</b>	<b>1 722</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	15	208 467	195 031
Donation Income	16	417	375
<b>Total revenue from non-exchange transactions</b>		<b>208 884</b>	<b>195 406</b>
<b>Total revenue</b>		<b>212 213</b>	<b>197 128</b>
<b>Expenditure</b>			
Employee related costs	17	(137 785)	(140 143)
Depreciation and amortisation		(1 916)	(2 278)
Finance costs	18	(5)	(28)
Lease rentals on operating lease		(11 507)	(9 540)
General expenses	19	(52 286)	(44 325)
<b>Total expenditure</b>		<b>(203 499)</b>	<b>(196 314)</b>
<b>Surplus for the year from continuing operations</b>		<b>8 714</b>	<b>814</b>
Profit/loss on disposed of asset	3	(542)	(926)
<b>Surplus (deficit) for the year</b>		<b>8 172</b>	<b>(112)</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Statement of Changes in Net Assets

	Accumulated surplus / deficit '000	Total net assets '000
Opening balance as previously reported	61 679	61 679
Adjustments		
Correction of errors 27	(120)	(120)
<b>Balance at 01 April 2021 as restated*</b>	<b>61 559</b>	<b>61 559</b>
Changes in net assets		
Deficit for the year as per the Statement of Financial Performance	(112)	(112)
Total changes	(112)	(112)
<b>Balance at 01 April 2022 as Restated*</b>	<b>61 448</b>	<b>61 448</b>
Changes in net assets		
Surplus for the year as per the Statement of Financial Performance	8 172	8 172
Total changes	8 172	8 172
<b>Balance at 31 March 2023</b>	<b>69 620</b>	<b>69 620</b>

As at year end the SAHRC has committed and earmarked a large part of its reserves and accumulated surplus towards the Commissions functions under the institutional programmes (Administration, Promotion of human rights, Protection of human rights and Monitoring observance of human rights of the organisation).

The SAHRC is constitutionally mandated to, inter alia, investigate any complaint alleging violation of human rights and to assist any person adversely affected thereby to secure appropriate redress as outlined in the South African Human Rights Commission Act, 40 of 2013 (SAHRCA) and the Section 181 of the Constitution. Hence the nature of the SAHRC is driven by the mandate of human rights and not a profit driven. The SAHRC purpose is not to accumulate large reserves for investments but utilise its funds towards human rights matters and its constitutional mandate. The SAHRC started to utilise both its annual income and accumulated reserves towards funding human rights matters and its improved performance can be clearly noted through its high level of commitments towards the execution of its mandate.

\* The opening balance as at 01 April 2021 was restated through adjustments of prior period error which was identified during the reporting date. **Refer to note 27**

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Cash Flow Statement

	Note(s)	2023 '000	2022 '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Non exchange revenue- Government grant		208 467	195 031
Administrative fees		234	236
Interest income		3 102	1 486
Donation Income		435	272
		<b>212 238</b>	<b>197 025</b>
<b>Payments</b>			
Employee costs		(139 454)	(141 714)
Suppliers		(64 826)	(49 876)
Finance cost		(79)	(28)
		<b>(204 359)</b>	<b>(191 618)</b>
<b>Net cash flows from operating activities</b>	21	<b>7 879</b>	<b>5 407</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(3 184)	(6 398)
Proceeds from sale of PPE	4	831	-
<b>Net cash flows from investing activities</b>		<b>(2 353)</b>	<b>(6 398)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 665)	(495)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3 861</b>	<b>(1 486)</b>
Cash and cash equivalents at the beginning of the year		57 314	58 800
<b>Cash and cash equivalents at the end of the year</b>	9	<b>61 175</b>	<b>57 314</b>

The accounting policies on pages 23 to 34 and the notes on pages 35 to 54 form an integral part of the annual financial statements.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	'000	'000	'000	'000	'000	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Administrative fees	-	-	-	227	227	
Interest received - investment	1 000	-	1 000	3 102	2 102	33
<b>Total revenue from exchange transactions</b>	<b>1 000</b>	<b>-</b>	<b>1 000</b>	<b>3 329</b>	<b>2 329</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	208 467	-	208 467	208 467	-	33
<b>Total revenue</b>	<b>209 467</b>	<b>-</b>	<b>209 467</b>	<b>211 796</b>	<b>2 329</b>	
<b>Expenditure</b>						
Personnel	(144 353)	-	(144 353)	(139 454)	4 899	33
Finance lease payment	(949)	-	(949)	(1 665)	(716)	33
Finance costs	(50)	-	(50)	(79)	(29)	
Lease rentals on operating lease	(11 697)	-	(11 697)	(11 507)	190	33
General expenses	(43 172)	-	(43 172)	(53 375)	(10 203)	33
<b>Total expenditure</b>	<b>(200 221)</b>	<b>-</b>	<b>(200 221)</b>	<b>(206 080)</b>	<b>(5 859)</b>	
<b>Surplus before taxation</b>	<b>9 246</b>	<b>-</b>	<b>9 246</b>	<b>5 716</b>	<b>(3 474)</b>	
<b>Surplus for the year from continuing operations</b>	<b>9 246</b>	<b>-</b>	<b>9 246</b>	<b>5 716</b>	<b>(3 474)</b>	
Payment of property, plant and equipment and intangible assets	(2 660)	-	(2 660)	(3 184)	(524)	33
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>6 586</b>	<b>-</b>	<b>6 586</b>	<b>2 532</b>	<b>(3 998)</b>	

**Reconciliation**

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

	Note(s)	2023 '000	2022 '000
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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures have been rounded off to the nearest R'000.

#### 1.2 Going concern assumption

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

Due to the impact of Covid 19, assessment on expense, revenue, assets and liability is required to ensure that the South African Human Rights Commission will continue to operate in the foreseeable future. In assessing the going concern assumption the accounting executive has considered the impact of the grants cuts by National Treasury to the Commission.

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Judgements include decisions on property plant and equipment.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property, plant and equipment

Management has made certain estimations and judgments with regards to the determination of estimated useful lives, residual values and impairment assessments of items of property, plant and equipment, as discussed further in note 1.5



# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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Item	Depreciation method	Average useful life
Computer Equipment	Straight-line	
• Laptops and desktops		10-13
• Servers and Switches		17-22
Office Equipment	Straight-line	
• Printers and fridges etc		17-22
• Audiovisual and equipments and conferencing		17-20
Finance Lease	Straight-line	3-5
Library Materials	Straight-line	20-25
Furniture and fittings	Straight-line	
• Furniture and fittings		20-27
• Gazebo, Flags, Banners and Accessories		17-27
Motor vehicles	Straight-line	12-17
Leasehold improvements	Straight-line	5-10

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 is depreciated separately.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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 or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- 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.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight-line	13-17

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Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.6 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.7 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost
- Financial instruments at cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement consideration

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period is granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence, the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.7 Financial instruments (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the Statement of Financial Performance.

#### Impairment and gains and losses from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, again or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Derecognition of financial assets

A financial asset or a portion thereof is derecognised when the SAHRC realises the contractual rights to the benefits specified in the contract, the rights expire, the SAHRC surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in capital and reserves is included in net surplus or deficit for the period.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Derecognition of financial liabilities

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

#### Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the NSF could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

#### Risk management of financial assets and liabilities

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date. Risks and exposure are disclosed as follows:

##### Credit risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

##### Liquidity risk:

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.7 Financial instruments (continued)

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 27 to the annual financial statements.

### 1.8 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

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

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

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

#### Operating leases - lessee

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

### 1.9 Inventories

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

Subsequently inventories are measured at the lower of cost and net realisable value.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.10 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The Commission recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

### 1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.11 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

### 1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Interest, royalties and dividends

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Administrative fee is recognised as revenue over the period during which the service is performed.

### 1.14 Revenue from non-exchange transactions

Revenue from non exchange transaction constitutes transfer receipt from Department of Justice and Constitutional Development.



# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.14 Revenue from non-exchange transactions (continued)

#### Recognition

An inflow of government grant payment from a non-exchange transaction is recognised as revenue.

Donor funds received are managed by the Commission in order to enable facilitation of projects. The funds are recognised as a liability or income based on the nature of donation agreement.

### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to unauthorised 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.

### 1.16 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

### 1.17 Irregular expenditure

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

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.17 Irregular expenditure (continued)

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

### 1.18 Budget information

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

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The annual financial statements and the budget are not in 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.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note .

### 1.19 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

Only transactions with related parties at arm's length or not in the ordinary course of business are disclosed.

### 1.20 Events after reporting date

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

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

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Accounting Policies

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### 1.20 Events after reporting date (continued)

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

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2023	2022
'000	'000

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 2.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP 25 (as revised): Employee Benefits	01 April 2009	
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2009	
• GRAP 104 (as revised): Financial Instruments	01 April 2025	

#### 2.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Finance Lease	381	(280)	101	1 158	(830)	328
Furniture and fittings	5 269	(1 584)	3 685	4 647	(1 570)	3 077
Motor vehicles	8 302	(2 084)	6 218	9 209	(2 063)	7 146
Office equipment	2 983	(800)	2 183	2 455	(816)	1 639
IT equipment	10 911	(3 139)	7 772	10 280	(2 558)	7 722
Leasehold improvements	517	(150)	367	522	(287)	235
Other property, plant and equipment	1 406	(760)	646	1 515	(788)	727
<b>Total</b>	<b>29 769</b>	<b>(8 797)</b>	<b>20 972</b>	<b>29 786</b>	<b>(8 912)</b>	<b>20 874</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Finance lease	328	-	(96)	(131)	101
Furniture and fittings	3 077	976	(174)	(194)	3 685
Motor vehicles	7 146	-	(445)	(483)	6 218
Office equipment	1 639	926	(233)	(149)	2 183
Computer equipment	7 722	1 096	(329)	(717)	7 772
Leasehold improvements	235	225	(36)	(57)	367
Library Materials	727	-	(31)	(50)	646
	<b>20 874</b>	<b>3 223</b>	<b>(1 344)</b>	<b>(1 781)</b>	<b>20 972</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Finance lease	1 010	-	(63)	(619)	328
Furniture and fittings	2 496	1 100	(347)	(172)	3 077
Motor vehicles	5 142	2 949	(375)	(570)	7 146
Office equipment	1 593	234	(79)	(109)	1 639
Computer equipment	6 323	2 114	(160)	(555)	7 722
Leasehold improvements	393	-	(96)	(62)	235
Library Materials	779	1	-	(53)	727
	<b>17 736</b>	<b>6 398</b>	<b>(1 120)</b>	<b>(2 140)</b>	<b>20 874</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 592	(1 165)	1 427	2 662	(1 072)	1 590

#### Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software	1 590	(29)	(134)	1 427

#### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	1 728	(138)	1 590

All intangible assets acquired by Commission are computerised software which consist of Sage 300 for HR Payroll, CRM Sage Software for Legal Service, Sage Evolution for accounting purpose, etc

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>5. Operating lease</b>		
Current assets	98	19
Non-current liabilities	(1 427)	(1 046)
Current liabilities	(180)	(42)
	<b>(1 509)</b>	<b>(1 069)</b>

### Operating lease expense consist of:

Head office	5 817	5 437
Provincial offices	3 155	4 103
	<b>8 972</b>	<b>9 540</b>

### Terms and conditions

- (i) All the leases are operating for an agreed period. i.e 12, 36, 60 months, within an option of renew.
- (ii) All operating leases excluding Telkom ( VPN) are subjected to an escalation ranging between 7% pa and 10% pa

At the reporting date the Commission had outstanding commitments under the operating leases relating to head office and provincial office building which fall due as follows.

Due within one year	8 103	8 350
Due within two year to five years	18 175	23 303
	<b>26 278</b>	<b>31 653</b>

## 6. Prepayments

Pro-forma invoices	6.1	166	62
Subscriptions and annual licenses	6.2	515	752
		<b>681</b>	<b>814</b>

- 6.1 The pro-forma invoices as part of the prepayment emanates from suppliers that requires payment in advance and during the reporting date, the Commission had not yet received the service or goods.
- 6.2 Subscription and annual licenses, the decrease in the year under review is due to less acquisition of additional software as a results of Commission not working remotely.

## 7. Inventories

Consumable stores	135	155
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## 8. Receivables from exchange transactions

Trade debtors	326	435
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### Trade and other receivables

As of 31 March 2023, trade and other receivables of 326 315 (2022: 434 557) were provided for.

The ageing of these loans is as follows:

3 to 6 months	326	435
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# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	28	57
Bank balances	795	483
Short-term deposits- call account	60 352	56 774
	<b>61 175</b>	<b>57 314</b>

Cash on hand relates to petty cash balance as presented and at year end the aggregated head office and provincial petty cash bank account retained a balance of R 27 935.22 (2022 R56,593.76)

The Commission's daily activities are financed through the main bank account which retained a balance of R 794 884.00 ( 2022 R 482,969.02)

Short term deposit as disclosed relates to the call account which the Commission deposits the short term investment to attract variable interest income that is linked to the repo rate as reported by Reserve Bank. Refer to note 15

### 10. Finance lease obligation

#### Minimum lease payments due

- within one year	-	118
	-	118
less: future finance charges	-	(4)
<b>Present value of minimum lease payments</b>	<b>-</b>	<b>114</b>

#### Present value of minimum lease payments due

- within one year	-	114
Non-current liabilities	-	-
Current liabilities	-	114
	<b>-</b>	<b>114</b>

It is entity policy to lease certain equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 10% (2022: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets..

### 11. Unspent conditional grants and receipts

#### Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Open Society Initiative for West Africa	222	222
ZENEX Foundation	96	96
	<b>318</b>	<b>318</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>11. Unspent conditional grants and receipts (continued)</b>		
<b>Movement during the year</b>		
Balance at the beginning of the year	318	1 132
Additions during the year	435	271
Amount refunded to the donor	(17)	(710)
Income recognition during the year	(418)	(375)
	<b>318</b>	<b>318</b>
<b>Open Society Initiative for West Africa</b>		
Balance at the beginning of the year	222	932
Additions during the year	-	-
Income recognition during the year	-	(710)
	<b>222</b>	<b>222</b>
<p>The South African Human Rights Commission has received conditional grants from the Open Society Initiative for West Africa (OSIWA) for the seminar on the African which will be hosted in June. The conditional grant will be spent on travel, accommodation, venue hire and all the expenses relating to the African seminar.</p>		
<b>ZENEX Foundation</b>		
Balance at the beginning of the year	96	100
Additions during the year	-	-
Income recognition during the year	-	(4)
	<b>96</b>	<b>96</b>
<p>The South African Human Rights Commission has received conditional grants from the board of trustees of ZENEX Foundation towards the right to read and write campaign. The Zenex Foundation is an independent grant-maker investing in mathematics and language education in South Africa since 1995</p>		
<b>Allan Gray Orbis Foundation</b>		
Balance at the beginning of the year	-	100
Additions during the year	-	-
Income recognition during the year	-	(100)
	-	-
<p>The South African Human Rights Commission has received a conditional grant from the Allan Gray Orbis Foundation Endowment towards the right to read and write campaign. In seeking to improve the overall context in which the Allan Gray Orbis Foundation operates, the Endowment additionally supports initiatives that address structural barriers in education which hamper employability.</p>		
<b>The United Nations Children's Fund</b>		
Balance at the beginning of the year	-	-
Additions during the year	83	-
Amount refunded to the donor	(17)	-
Income recognition during the year	(66)	-
	-	-
<p>The United Nations Children's Fund (UNICEF), originally known as the United Nations International Children's Emergency Fund, was created by the United Nations General Assembly on 11 December 1946, to provide emergency food and healthcare to children and mothers in countries that had been devastated by World War II.</p>		
<b>The Swiss Federation</b>		
Balance at the beginning of the year	-	-
Additions during the year	352	-

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>11. Unspent conditional grants and receipts (continued)</b>		
Income recognition during the year	(352)	-
	-	-

The Swiss Confederation, represented by the Swiss Federal Department of Foreign Affairs acting through Peace and Human Rights Division and the South African Human Rights Commission in strengthening the South African National Preventive Mechanism.

### 12. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	8 295	561	(2 080)	6 776

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	7 150	2 143	(998)	8 295
Provision for performance bonus	680	-	(680)	-
	<b>7 830</b>	<b>2 143</b>	<b>(1 678)</b>	<b>8 295</b>

Provision for leave is based on leave days accrued to year end for each employee as per Human Resource policy

The Commission's performance management policy entails the percentage that should be allocated to the performance bonus in relation to the budgeted employee cost for that cycle, as published by National Treasury in the Compensation of Employees guidelines.

### 13. Employee Benefits

13th Cheque accrual	1 121	1 216
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Employee benefits relates to employee's 13th cheque accrued and incurred in the current year R 1,120,560.61 (2022 R 1,215,930.05)

The Commission's 13th cheque accrual cycle as part of the employee benefits runs from January to December and at year end, only three months of the 13th Cheque is accrued to 31 March.

### 14. Payables from exchange transactions

Trade payables	5 390	8 589
Accrued expense	-	134
	<b>5 390</b>	<b>8 723</b>

Trade payables significant decrease in comparison to the previous financial period is as a result of payment made of the travel invoices received in third quarter.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>15. Revenue</b>		
Administrative Income	227	236
Interest received - investment	3 102	1 486
Government grants & subsidies	208 467	195 031
Donation Income	417	375
	<b>212 213</b>	<b>197 128</b>

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Administrative Income	227	236
Interest received - investment	3 102	1 486
	<b>3 329</b>	<b>1 722</b>

Administrative income related to mainly other income derived the proceeds received from sales of motor vehicles, other income accrued as a results of unpaid leave from employees when they resigned and insurance income for the lost assets.

Interest received from investment relates to the short term deposit made to the call account to attract interest income at avariable interest rate linked to repo rate.

**The amount included in revenue arising from non-exchange transactions is as follows:**

<b>Transfer revenue</b>		
Government grants & subsidies	208 467	195 031
Donation Income	417	375
	<b>208 884</b>	<b>195 406</b>

### 16. Donation Income

The United Nations Children's Fund	65	-
Allan Gray Orbis Foundation	-	100
United Nations International Children's Emergency Fund	-	271
ZENEX Foundation	-	4
The Swiss Federation	352	-
	<b>417</b>	<b>375</b>

The donation income emanates from the deferred liability as a result of conditional donations received by the Commission for a specific project, therefore, in application of GRAP standard, the deferred liability should be reduced through realising the revenue and writing off the expenses in the statement of financial performance in responding to the requirements of the conditional donation received.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>17. Employee related costs</b>		
Basic Salary	104 411	99 189
Performance Bonus ( Net movement)	60	3 449
Medical aid - company contributions	4 614	4 693
Unemployment Insurance Fund (UIF)	417	415
Pension Fund Contributions	8 590	9 196
Non pensionable contributions	9 583	10 574
Other Short term benefit	3 044	4 851
13th Cheques	4 487	4 770
Car allowance	412	630
Housing benefits and allowances	2 167	2 376
	<b>137 785</b>	<b>140 143</b>

### Number of employees

Permanent employees	143	158
Contractors	48	64
Internship	-	-
	<b>191</b>	<b>222</b>

### Movements during the year:

Total number of employees at the beggining of the year	222	211
Resignation/pensions/internships ended	(138)	(69)
Appointments	107	80
	<b>191</b>	<b>222</b>

### HR Bursaries

Annual Remuneration	130	243
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The employee bursaries is offered to permanant employees in application of the HR policy and employees that qualifies for the bursary offers their employment services in payment of the bursaries for a specific period as per the signed bursary agreement.

### 18. Finance costs

Finance leases	5	28
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Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 5,003.07 (2022: R 28,146.22).

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

		2023 '000	2022 '000
<b>19. General expenses</b>			
Advertising		-	115
Auditors remuneration ( External)	19.1	3 177	2 611
Bank charges		79	85
Cleaning		174	218
Computer expenses		26	65
Consulting and professional fees	19.2	791	96
Lease and hire		1 548	1 613
Insurance		838	806
Conferences and seminars		492	5
Municipality service		2 282	2 250
Motor vehicle expenses ( Maintenance)		177	99
Motor vehicle expense (Fuel)		836	607
Placement fees	19.3	1 057	219
Postage and courier		30	39
Printing and stationery		395	363
Repairs and maintenance		260	122
Security (Guarding of municipal property)		1 962	1 798
Staff welfare		198	246
Subscriptions and membership fees		882	780
Telephone and fax		2 599	2 509
Training		759	729
Workmen's compensation		132	127
Relocation expense	19.4	693	2 636
Operating expense	19.5	32 899	26 187
		<b>52 286</b>	<b>44 325</b>

- 19.1 The Auditors remuneration fee increase is as a results late submission of proactive APP audit introduced by AGSA in 4th quarter and 2022/24 audit planning which part of the invoice was submitted in the year under review.
- 19.2 Consulting and professional fees increased due to legal fees on the CCMA matters brought against the Commission and the plaintiff.
- 19.3 The placement fee increased as a results of senior managers position that become vacant and recruitment cost in response to the vacant position that attributed to a significant increase
- 19.4 Significant decrease on the relocation fee is attributable to no relocation expenses incurred from April to September. In addition, comparative relocation expense is as a results of Head Office move from Braampark to JD building.
- 19.5 Operating expenditure increased due to the additional activities undertaken utilising surplus funds from the previous year as approved by National Treasury and new projects such as Social Harmony National Effort (SHiNE) and as well as the concluding and wrapping up of the July 2021 Unrest Hearing and the Advertising Hearing.

## 20. Auditors' remuneration ( External)

Fees		3 177	2 611
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# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>21. Cash generated from operations</b>		
Surplus (deficit)	8 172	(112)
<b>Adjustments for:</b>		
Depreciation and amortisation	1 916	2 278
Loss on disposal of assets	542	926
Donation income	-	(375)
Movements in operating lease assets and accruals	-	1 649
<b>Changes in working capital:</b>		
Inventories	20	(52)
Receivables from exchange transactions	109	(345)
Prepayments	115	(162)
Payables from exchange transactions	(3 333)	1 915
Rental and hire	1 528	-
Unspent conditional grants and receipts	-	(814)
Deferred operating lease	424	-
Employee benefit	(95)	34
Provision for leave accrued	(1 519)	1 145
Provision for performance bonus	-	(680)
	<b>7 879</b>	<b>5 407</b>

## 22. Financial instruments disclosure

### Categories of financial instruments

#### 2023

##### Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions (Refer to note 8)	326	326
Cash and cash equivalents ( Refer to note 9)	61 175	61 175
	<b>61 501</b>	<b>61 501</b>

##### Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions ( Refer to note 14)	5 303	5 303
Finance lease liability obligations ( Refer to note 10)	-	-
	<b>5 303</b>	<b>5 303</b>

#### 2022

##### Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	435	435
Cash and cash equivalents	57 314	57 314
	<b>57 749</b>	<b>57 749</b>

##### Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	8 723	8 723
Finance lease liability obligations	114	114
	<b>8 837</b>	<b>8 837</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
<b>23. Commitments</b>		
<b>Authorised operational and capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Acquisition of PPE	23.1	1 161
• Authorised operating expenditure	23.2	21 060
	<b>22 221</b>	<b>8 907</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	22 221	8 907
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised operational and capital expenditure	22 221	8 907

This committed expenditure relates to open purchase orders issued to suppliers for goods and services not yet received as at 31 March 2023 and will be financed by available funds.

- 23.1 Purchase orders relating to the acquisition of two bakkies for the provincial office and head office and inverter as back up battery for the server.
- 23.2 Other long overdue purchase orders other than purchase orders of capital expenditure relating to operational expenditure of day to day activities in addressing the organisational mandate.

## 24. Contingencies

### Categories of contingent liability

Estimated cash surplus per National Treasury Instruction No 12 of 2020/21	24.1	36 999	10 804
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- 24.1 The SAHRC will be applying for the retention of its accumulated surplus as at the financial year ending 31 March 2023 in terms of section 53(3) of the PFMA from National Treasury. The surplus is significantly made up of the fact that in the updated surplus calculation formula of 2020/21, the inclusion of commitments is no longer catered for. Contingent liability at 31 March 2023 for the 2022/23 year show a balance of **R 37m**. A portion of this is due to projects such as digitization, whistle-blower summit, human rights monitoring framework etc that are planned for the duration of three years and initially budgeted for in the reporting period

### Contingent assets

The Commission has no contingent assets at reporting date.



# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023	2022
	'000	'000

### 25. Related parties

Department of Public Works

Information Regulator

Department of Justice and Constitutional Development and related parties that falls under the department's portfolio

Parliament

Other entity within the Justice Portfolio

Legal Aid South Africa

Public Protector

Guardian's Fund

President's Fund

Special Investigating Unit

Criminal Asset Recovery Account

Third Party Funds

Office of the Chief Justice

National Prosecuting Authority

Rules Board for Courts of Law

South African Boards of Sheriffs

South African Law Reform Commission

Council of Debt Collectors

### Related party transactions

#### Transactions with related parties

Department of public works	25.1	104	195
Department of Justice and Constitutional Development	25.2	208 467	195 031
Information regulator		-	111

**25.1** Related party transactions to the value of R 103,752.27 (2022: R 214,340.41) was incurred in the current financial year. Related party transactions emanates from municipal services for Kwazulu Natal and Northern Cape Provincial offices.

**25.2** The following amount was the annual allocation received from National Treasury via the Department of Justice and Constitutional Development R 208,467,000 (2022: R 195,031,000) as disclosed in note 15.

For remuneration of Key Management positions refer to note 26 below.

### Remuneration of management

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 26. Members' emoluments

#### Executive

#### 2023

	Salary	Bonuses and performance payments	Expenses allowance	Provident contributions	Termination leave payout and backpay	Acting allowance	3G and cellphone allowance	Total
Accounting Authority (CEO): Adv. T.S. Thipanyane	201	42	92	25	162	-	9	531
Chief Financial Officer: CFO. Mr. Rushay Singh ( Contract)	90	-	-	-	91	-	2	183
Acting Chief Financial Officer: Ms LR Lynn	689	-	236	85	115	128	14	1 267
Head of Corporate Services: Ms QR Matsemela	721	-	14	-	16	-	8	759
Head of Strategic Support and Governance: Mr S Giyose	632	63	290	79	-	-	31	1 095
Chief Audit Executive: Mr ZM Moyo	647	-	371	81	42	-	13	1 154
Head Legal Service: Ms N.Fakir	476	-	268	64	73	-	8	889
Provincial Manager: Kwazulu Natal: Adv LC Lotz	109	-	59	14	88	-	6	276
Provincial Manager: Mpumalanga: Mr E Mokonyama	762	63	410	96	32	116	37	1 516
Chief Operation Officer (COO): Ms C Kisoona	837	69	405	106	35	363	42	1 857
Provincial Manager: Western Cape: Ms Z Nair	322	40	158	45	16	-	7	588
Provincial Manager: Limpopo: Mr AV Mavhidula	762	63	410	96	32	-	37	1 400
Provincial Manager: Northern Cape: Ms C Williams	117	25	55	15	41	-	6	259
Provincial Manager: Gauteng Province: Mr B Jones	289	38	132	36	98	-	16	609
Provincial Manager: Free State: Mr TM Kheswa	658	-	380	82	43	-	37	1 200
Head of Research: Dr MS Nsibirwa	698	-	398	88	45	-	37	1 266
Provincial Manager: Eastern Cape: El Carter	647	54	328	81	27	-	37	1 174
Acting Provincial Manager Western Cape: Mr M Du Plessis	678	-	229	83	33	116	-	1 139
Acting Provincial Manager Kwazulu Natal: PD Mewalall	682	57	179	85	19	122	-	1 144
Provincial Manager: North West: NS Mlombo	648	-	338	81	22	23	32	1 144
Acting Provincial Manager Northern Cape: Mr AF Wyngaard	682	57	179	85	19	122	-	1 144
Acting Head of Corporate Service: L Zulu	303	41	81	37	84	48	6	600
Acting Head of LSU: PK Ka-Siboto	652	-	226	82	19	46	-	1 025
Acting Head of NPM: Dr K Pakati	547	-	196	67	25	87	-	922
Acting Provincial Manager Gauteng: Ms ZPP Khumalo	653	52	166	78	30	78	-	1 057
Acting Provincial Manager North West: Ms Z Luthuli	634	53	168	79	30	45	-	1 009
Acting Head of SS&G: Ms ANP Webster	692	95	175	83	32	18	24	1 119
	<b>14 828</b>	<b>812</b>	<b>5 943</b>	<b>1 753</b>	<b>1 269</b>	<b>1 312</b>	<b>409</b>	<b>26 326</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 26. Members' emoluments (continued)

2022

	Salary	Bonuses and performance payments	Expenses allowance	Provident contributions	Termination leave payout and backpay	Acting Allowance	3G and Cellphone allowances	Total
Chief Executive Officer (CEO)	1 189	99	545	149	49	-	56	2 087
Chief Financial Officer	438	-	245	47	-	-	25	755
Chief Financial Officer	180	-	-	-	-	-	3	183
Head of Corporate Services	498	-	270	62	115	-	25	970
Head of Strategic Support and Governance	748	118	343	94	75	-	37	1 415
Chief Executive Auditor	635	48	344	79	64	-	13	1 183
Provincial Manager: Kwazulu Natal	645	48	349	81	67	-	37	1 227
Provincial Manager: Mpumalanga	748	118	343	94	75	-	37	1 415
Chief Operational Officer	822	130	377	103	80	-	42	1 554
Provincial Manager: Western Cape	635	109	291	79	66	-	13	1 193
Provincial Manager: Limpopo	748	118	343	94	75	-	37	1 415
Provincial Manager: Northern Cape	716	115	327	87	74	-	40	1 359
Provincial Manager: Gauteng	684	142	314	86	70	-	37	1 333
Provincial Manager: Free State	645	40	349	81	67	-	46	1 228
Provincial Manager: Eastern Cape	709	122	179	90	43	-	24	1 167
Operations Manager	684	-	371	86	53	-	37	1 231
Acting Provincial Manager: Eastern Cape	724	-	248	90	-	129	14	1 205
Provincial Manager: North West	635	8	344	79	153	-	37	1 256
Acting Head of Corporate Service	724	-	248	90	-	60	14	1 136
Acting Head Of LSU	589	-	211	74	-	114	-	988
	<b>13 396</b>	<b>1 215</b>	<b>6 041</b>	<b>1 645</b>	<b>1 126</b>	<b>303</b>	<b>574</b>	<b>24 300</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000			
<b>26. Members' emoluments (continued)</b>					
<b>Non-executive</b>					
<b>2023</b>					
	Salary	Bonus and performance bonuses	Provident contributions	Other benefits	Total
Adv BC Majola	876	-	-	695	1 571
Adv .F.Chohen	745	-	93	466	1 304
Adv. AH Gaum	683	-	-	540	1 223
Ms P.Ntuli	683	58	85	365	1 191
Ms MA Makwetla	683	58	-	457	1 198
Adv. BJ Malatji	683	58	-	575	1 316
Mr AC Nissen	813	-	-	62	875
Mr J Sibanyoni	813	-	-	62	875
	<b>5 979</b>	<b>174</b>	<b>178</b>	<b>3 222</b>	<b>9 553</b>
<b>2022</b>					
	Salary	Bonuses and performance bonuses	Provident contributions	Other benefits	Total
Adv .B.C.Majola	863	-	-	623	1 486
Adv F. Chohen	549	-	69	307	925
Adv AH Gaum	671	-	-	485	1 156
Adv P Ntuli	502	-	63	267	832
Ms M.A. Makwetla	168	-	-	107	275
BJ Malatji	671	56	-	429	1 156
Mr AC Nissen	799	-	-	28	827
Mr JB Sibanyoni	799	-	-	28	827
	<b>5 022</b>	<b>56</b>	<b>132</b>	<b>2 274</b>	<b>7 484</b>

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
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### 27. Prior period errors

During the year under review, management noted that invoices relating to the prior financial period were omitted to be processed in the 2021/22 financial period and such invoices should be recorded in the year they relate, therefore, management took a decision to rectify the error retrospectively and adjust accumulated surplus and general expenditure accordingly with the error incurred.

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Property, plant and equipment	-	340
Opening Accumulated Surplus or Deficit	-	120

#### Statement of financial performance

Increase/(Decrease) General Expenses	-	221
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### 28. Risk management

#### Financial risk management

##### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

##### Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivable from exchange transactions	326	435
Prepayments	681	820
Cash and cash equivalents	61 175	57 314

### 29. Going concern and Covid 19

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Commission's ability to continue as a going concern depends on the continued support of government through means of annual appropriation.

We have performed an assessment of the South African Human Rights Commission ability to continue as a going concern. Based on the cash flow forecast linked to the MTEF allocation for foreseeable future, there is no uncertainty that the Commission would not operate within the next 12 months. We are not aware of any new material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Commission.

The impact of COVID-19 on accounting standards that require the assessment at the end of each reporting period of whether there is either objective evidence that assets are impaired or if events or changes in circumstances indicate that the carrying amount of a non-financial asset may not be recoverable, was assessed based on information available as at 31 March 2023. COVID-19 is an unprecedented challenge for humanity and for the economy globally and at the date of this report its effects are subject to significant levels of uncertainty. The impact of COVID-19 is expected to be felt on the Commission objectives to address the operational mandate. At this stage, there is no uncertainty identified about the Commission ability to continue as a going concern.

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

	2023 '000	2022 '000
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### 29. Going concern and Covid 19 (continued)

The pandemic restriction and disruption on operations and supply chains as a result of control measures implemented to control the spread of the virus, may result in a significant increase in operational expenditure and budget cuts implemented as a result of contraction in GDP. We believe that the Commission has adequate financial resources to continue in operation for the foreseeable future and the annual financial statements have been prepared on a going concern basis. We have satisfied ourselves that the Commission is in a sound financial position and that it has government financial support to meet its foreseeable cash requirements. We are not aware of any new material changes that may adversely impact the Commission.

### 30. Events after the reporting date

There were no events that occurred after the reporting date for the year under review.

### 31. Irregular, fruitless and wasteful expenditure

Irregular expenditure	11 156	11 419
Fruitless and wasteful expenditure	-	-
	<b>11 156</b>	<b>11 419</b>

Irregular expenditure to the value of R 11,155,870.15 (2022: R 11,418,510.39) was incurred in the current year. Irregular expenditure emanates from non-compliance with National Treasury Note 8 of 2007 and Treasury Regulation 16A 9.1 (d) and 16A 6.3 (b.)

Irregular expenditure incurred is mainly due to the non-adherence to policies and procedures and investigations by the Commission is yet to be conducted to determine the internal control weaknesses, which will then be strengthened with appropriate corrective action. Consequence management is yet to be implemented where applicable to ensure action is taken against officials who caused the irregular expenditure concerned.

The Commission has written to National Treasury requesting condonation of the irregular expenditure reflected above on the opening balance and is still awaiting a response therefore none of the expenditure had been condoned as at year end. No disciplinary proceedings had been taken, since the irregular expenditure did not warrant such action.

### 32. Budget differences

#### Budget Reconciliation per GRAP 24

A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 31 March 2023 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

Heading	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the budget and actual comparative statement	(3 998)	-	-	(3 998)
Basis differences	7 879	(1 665)	(2 353)	3 861
Timing differences	-	-	-	-
Entity differences	-	-	-	-
<b>Actual amount in the cash flow statement</b>	<b>3 881</b>	<b>(1 665)</b>	<b>(2 353)</b>	<b>(137)</b>

#### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2022/04/01 to 2023/03/31. The annual financial statements differ from the budget, which is approved on the cash basis.

#### (i) Interest received- Investment

# South African Human Rights Commission

Annual Financial Statements for the year ended 31 March 2023

## Notes to the Annual Financial Statements

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	2023	2022
	'000	'000

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### 32. Budget differences (continued)

The significant increase in comparison to the budget is due to the increase in the interest rate (repo rate). The cash on hand balance (R 61.175m) is higher than last year (R 57.314m). The cash on hand for 2022/23 includes the balance of the approved rollover amount from 2020/21 (full amount was R 32.910m) that was supposed to be spent in the current financial year, as well as the rollover amount approved from the 2021/22 year (the full amount was R 10.800m) that is spent in (2022/23) as well as next year (2023/24).

#### (ii) Personnel

Personnel expenditure as at year end is below budget expectations by R 3.4%, mainly due to certain business unit head's (and other) positions being vacant. Contract positions appointed, however not all contract positions directly fill a budgeted-for permanent vacant position. Provision for leave pay decreased from R 8.2m to R 6.7m which contributed to personnel savings as a result of adjusting the leave provision down which was attributable to decision made on reporting to the office full time, most employees applied for annual leave in December which reduced the liability.

#### (iii) Finance lease payments and interest expense

The higher interest expense are due to an amount of transactions been processed to finance the day to day activities which attracts bank interest charges.

#### (iv) General expenses

Expenditure relating to ongoing projects which were initially budgeted in the prior financial period and budget committed or ring fenced to fund for this activities.

#### (v) Payment of property, plant and equipment and intangible assets

The overspending in property plant and equipment is as a result of lithium ion battery and inverter purchased for the head office as well as the province to ensure server non interruptions.

# Report of the auditor-general to Parliament on South African Human Rights Commission

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the South African Human Rights Commission set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Human Rights Commission as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999(PFMA).

### Basis for opinion

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

### Emphasis of matter

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

### Irregular expenditure

7. As disclosed in note 31 to the financial statements, irregular expenditure of R11 156 000 was incurred, as procurement processes were not followed.



## **Other matter**

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

### **National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework**

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 31 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of South African Human Rights Commission. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

## **Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the constitutional institution'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 constitutional institution or to cease operations, or has no realistic alternative but to do so.

## **Responsibilities of the auditor-general for the audit of the financial statements**

12. 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.

13. 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

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

15. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the constitutional institution's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Promotion of human rights	XX	This programme is responsible for the promotional aspects of the Commission's mandate
Protection of human rights	XX	The programme is responsible for carrying out the protective component of the Commission's constitutional mandate
Monitoring of human rights	XX	This programme is responsible for the Commission's constitutional monitoring and reporting mandate

16. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the constitutional institution's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the constitutional institution's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

19. The material findings on the performance information of the selected programmes are as follows:

### Promotion of human rights

#### Number of stakeholder engagements conducted

20. An achievement of 560 engagements was reported against a target of 216 engagements. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

#### Various indicators

21. Based on audit evidence, the actual achievement for two indicators did not agree to the achievements reported. Consequently, the targets were not achieved.

Indicator	Target	Reported achievement	Actual achievement
Number of reports completed on SAHRC annual human rights engagements (HRE) held with the provincial governments.	9 Reports	9 Reports	7 Reports
Number of human rights educational material (HREM) completed.	8 Materials	8 Materials	7 Materials

#### Number of workshops conducted to empower community human rights champions (CHRC)

22. An achievement of 27 workshops was reported against a target of 18 workshops. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

## Percentage implementation of Media and Communications Plan (MCP)

23. An achievement of 80% implementation of the media & communications plan was reported against a target of 80% implementation of the media & communications plan. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

## Protection of human rights

### Number of complaints and enquiries finalised

24. An achievement of 6662 complaints and enquiries finalised was reported against a target of 3000 complaints and enquiries to be finalised. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

### Various indicators

25. Based on audit evidence, the actual achievements for two indicators did not agree to the achievements reported, but the targets were still achieved.

Indicator	Target	Reported achievement	Actual achievement
Number of initiatives undertaken to address systemic human rights violations	39 initiatives	44 initiatives	55 initiatives
Number of strategic impact litigation (SIL) matters instituted.	3 SIL matters	16 SIL matters	9 SIL matters

### Number of Memoranda of Understanding (MoU) signed with Universities

26. An achievement of 8 MOUs was reported against a target of 9 MOUs. However, the audit evidence showed the actual achievement to be only 7 MOUs. Consequently, the underachievement on the target was more than reported.

## Monitoring of human rights

### Various indicators

27. An achievement was reported against a target for three indicators. I could not determine if the reported achievement was correct, as the processes established to consistently measure and report achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved. This was for the following indicators:

No.	Indicator name	Target	Reported achievement
1	Percentage implementation of Human Rights Monitoring Plan.	Implement 90% of HRM Plan	90% implementation
2	Percentage submission of identified NHRI Reports by deadline.	100% submission of identified NHRI Reports by deadline	100% submission done
3	Percentage submission on identified legislation by deadline	100% submission on identified legislative by deadline	100% submissions by deadline

## Other matters

28. I draw attention to the matters below.

### Achievement of planned targets

29. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.

### Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the selected programmes. Management did not correct the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

31. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the constitutional institution's compliance with legislation.

32. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the constitutional institution, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Asset management**

35. The constitutional institution did not determine if any state institution involved in education and/or training required computer equipment before disposal of such equipment, as required by treasury regulation 16A.7.7.

### **Expenditure management**

36. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 32 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with Treasury Regulations.
37. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3

### **Consequence management**

38. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1) (h) (iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
39. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1) (h) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

### **Procurement and contract management**

40. Some of the bid documentation/ invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
41. I was unable to obtain sufficient appropriate audit evidence that material number of commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content in accordance with paragraph 3.4 of National Treasury Instruction Note 4 of 2015/2016.
42. I was unable to obtain sufficient appropriate audit evidence that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).

<h3><b>Other information in the annual report</b></h3>
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43. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

44. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
45. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
46. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
47. I have nothing to report in this regard.

### Internal control deficiencies

48. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
49. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
50. Inadequate oversight responsibility over performance management as well as compliance with key legislation and internal controls.
51. Inadequate implementation and monitoring of the action plan to address prior years' findings.
52. Performance reports are not supported and evidenced by reliable information.

*Auditor-General*

Pretoria

31 July 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

## **Auditor-general's responsibility for the audit**

### **Professional judgement and professional scepticism**

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 constitutional institution's compliance with selected requirements in key legislation.

### **Financial statements**

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the constitutional institution's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the constitutional institution to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a constitutional institution to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## **Communication with those charged with governance**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); PFMA 38(1)©;38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(4); 44; 44 (1) and (2) ; 45(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 12.5.1; 15.10.1.2(c'); 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b) &(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A8.2 (1) and (2);16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii);TR 16A 9.2(a)(iii); 17.1.1; 18.2; 19.8.4
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29; 34(1)
Preferential Procurement Policy Framework Act (PPPFA)	Section 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations (PPR) 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations (PPR) 2022	Regulation 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c) ; 3.3 (e) ; 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1;4.1 & 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8;4.9;5.1;5.3
Erratum NTI 5 of 202/21	Paragraph 1, Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Practice note 11 of 2008/9 Paragraph 3.1 ; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1