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Presentation of the 2016/17 Annual Reports

Presented by SAHRA Council Chairperson

12.9.2017

TABLE OF CONTENTS

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ITEM	SLIDE NUMBER
(A) Introduction	**3**
(B) Value Chain	**4**
(C) Vision & Mission	**5**
(D) Goals	**6**
(E) Governance Matters	**7**
(F) Performance vs. Pre-determined Objectives	**9 -15**
(G) Financial Information Report	**16 - 32**

(A) Introduction

SAHRA is established in terms of Section 11 of the National Heritage Resources Act No.25 of 1999 (NHRA) which outlines an integrated interactive system for the management of the national heritage resources of South Africa .

SAHRA is a Schedule 3A public entity as per the Public Finance Management Act No. 1 of 1999 (PFMA). As the implementing agency of the Department of Arts and Culture, SAHRA plays a critical role in the identification, conservation, protection and promotion of our heritage resources for the present and future generations.

(B) Our Mandate and value chain, as informed by the NHRA

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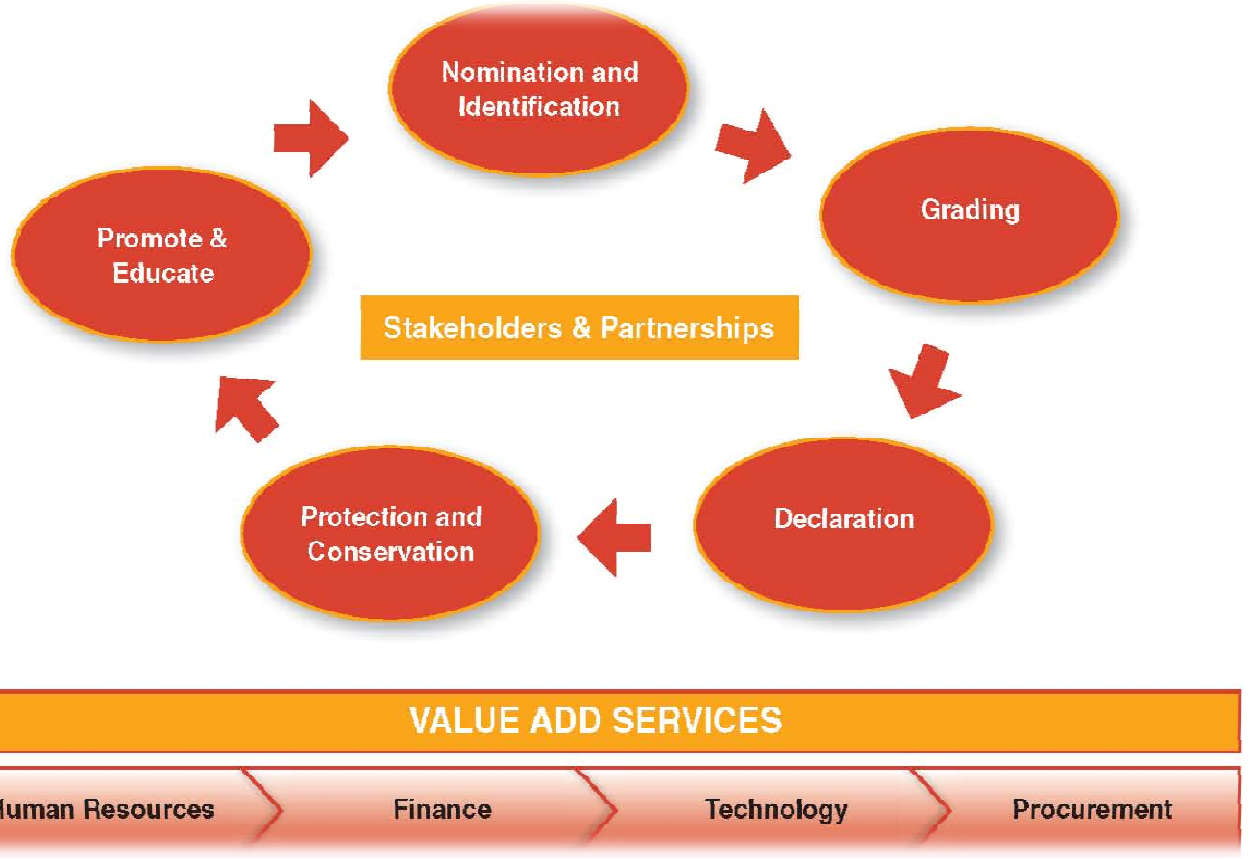

(C) Our Vision

"A Nation united through Heritage"

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Our Mission

Socio Economic

- Identification, conservation and management of heritage resources in South Africa so that they can contribute to socio-economic development and nation building;

Regulatory

- Developing norms, standards and charters for the management of heritage resources in South Africa and codes of international best practices; and

Knowledge and skills development

- Contributing to skills and knowledge production and transformation in heritage resources management in South Africa and beyond.

(D) Strategic Outcome Orientated Goals

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(E) Governance Matters: Accounting Authority

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Name	Designation *(in terms of the Public Entity Board structure)*	Other Committees (e.g.: Audit committee)
Prof Susan Bouillon	Chairperson	**Business Development Committee (BDC)**
Prof Ncedile Saule	Council Member	**Heritage Resources Management Committee (HRM)**
Mr Moses Makhweyane	Council Member	**Human Resources & Remuneration Committee (HR&RemCo)**
Mr Mohlomi Masooa	Council Member	**HR&RemCo**
Mr Donald Lithole	Council Member	**HR&RemCo**
Ms Thembeka Semane	Council Member	**BDC**
Ras Mpho Molapisi	Council Member	**BDC**
Prof Henry Bredekamp	Council Member	**HRM**
Dr Gregory Houston	Council Member	**BDC**
Dr Mthobeli Guma	Council Member	**HRM**
Ms Reyhana Gani	Council Member	**Audit & Risk Committee (ARC)**
Mr Jonathan Sharfman	Council Member	**HRM**
Ms Antonia Malan	Council Member	**HRM**

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(F) Performance against Pre-determined Objectives

Performance Information Per Programme

Programme 1. Administration

PROGRAMME 1:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 1: Assert SAHRA's role as a regulatory body in Heritage Resources Management	1.1 Number of policies, regulations, norms and standards approved by Council	9	13	4 Additional Policies were achieved.	Additional operational policies were approved to conclude the Turnaround Programme initiated in 2014
	1.2 Report performance against compliance register	3	3	N/A	N/A
	1.3 A SAHRA Business model is approved by Council	1	0	1	No suitable service providers could be secured in time to achieve this deliverable. A new call for proposals was sent out and it is expected that the development of the Business Model will be finalised in the 2017/18 financial year.

Performance Information Per Programme

Programme 1. Administration cont.

PROGRAMME 1:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 2: Implement effective and efficient corporate governance system within SAHRA	1.4 A funding model for the Entity is approved by Council	1	0	1	No suitable service providers could be secured in time to achieve this deliverable. A new call for proposals was sent out and it is expected that the development of the Funding Model will be finalised in the 2017/18 financial year.
	1.5 An Unqualified audit opinion outcome	Unqualified Audit	An unqualified audit outcome was achieved	0	N/A
	1.6 Percentage of compliant invoices of suppliers paid within 30 days	100%	100% of all compliant invoices received were paid within 30 days	0	N/A
	1.7 Review of the ICT Strategy	1 Approved ICT Strategy	1 Approved ICT Strategy	0	N/A
Strategic Objective 3: Maximise immovable heritage assets for income generation and conservation	1.8 Number of projects implemented in the Maximisation Plan	2	2	0	N/A

Performance Information Per Programme cont.

Programme 2. Business Development

PROGRAMME 2:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 4: Strengthen SAHRA as an agent to promote social cohesion and social upliftment through heritage resources management	2.1 Number of heritage sites inspected	24	30	6 additional sites were inspected	Additional site visits were due to ad hoc requests made by the Department of Arts and Culture (DAC) or other Authorities
	2.2 Percentage of compliant heritage impact assessments received and processed within 21 working days	100%	53%	47% of compliant Heritage Impact Assessments received were not processed within 21 working days.	The Entity is currently assisting the Provincial Heritage Resource Authorities (PHRAs) with processing their Heritage Impact Assessments (HIAs) due to the PHRAs not being effectively capacitated to fulfill this mandate. 90 % of the HIAs received by the Entity in 2016/17 were provincially mandated.
	2.3 Percentage of compliant permit applications received and processed and issued within 21 working days	100%	56%	44% of compliant permit applications were received were not processed within 21 working days	Due to the additional assistance the Entity provides to the PHRAs, the capacity for other functions is compromised. This target has been set more realistically for the 2017/18 financial year such that the processing time has been revised to 60 days
	2.4 Percentage of compliant heritage objects export applications received and processed within 21 working days	100%	67%	33% of compliant heritage export permit applications received were not processed within 21 working days	Internal capacity challenges affected the processing of export permits. The internal capacity issues were subsequently addressed
	2.5 Percentage of nominated heritage resources received and graded	100%	100%	N/A	N/A

Performance Information Per Programme cont.

Programme 2. Business Development cont.

PROGRAMME 2:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 4: Strengthen SAHRA as an agent to promote social cohesion and social upliftment through heritage resources management	2.6 Percentage of heritage resources re-assessed and graded	100%	0%	100% of heritage resources were not re-assessed and graded	These sites are in the process of being declared as opposed to being re-assessed for grading. A new Grading and Declaration Plan has been developed in the 2017/18 financial year in order address the backlog of undeclared sites
	2.7 Number of heritage resources declared	5	6	1 additional site was declared	Chris Hani consisted of serial sites for declaration
	2.8 Number of sites on the Liberation Heritage Route declared	6	15	9 additional sites on the Liberation Heritage Route were declared	Sharpeville, University of Fort Hare and Constitution Hill consisted of serial sites for declaration
	2.9 Number of monuments and memorial sites rehabilitated or erected locally and in foreign countries	12	12	N/A	N/A
	2.10 Submission of the summary and analysis of the inventory of the national estate submitted to Council	1	1	N/A	N/A
	2.11 Number of state-owned collections inventorised	2 completed inventories in-line with project plan	1	1 state-owned collection was not inventorised	The second inventory was not completed due to external project capacity issues. The external project capacity issues have since been addressed

Performance Information Per Programme cont.

Programme 3. Public Engagement

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PROGRAMME 3:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 5: Building the skills and capacity of the Heritage Resources Sector to ensure its ongoing development and sustainability	3.1 Number of capacity programmes facilitated for youth on the heritage resources management	2	1	1 youth capacity programme on heritage resources management was facilitated	Due to these programmes being aimed at schools, the timeframes in which the Entity had planned to complete these deliverables was not aligned with the school calendar. This indicator has been revised in the 2017/18 APP as "knowledge dissemination engagements with communities" in order to encompass all community members

Performance Information Per Programme cont.

Programme 3. Public Engagement cont.

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PROGRAMME 3:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 6: Align SAHRA's initiatives to national socio-economic and developmental objectives through identification, conservation, protection and promotion of heritage resources	3.2 Approved Corporate Social Responsibility (CSR) Policy and Implementation Strategy	Development and Approval of CSR Policy and Implementation Strategy	Development and Approval of CSR Policy and Implementation Strategy	N/A	N/A
	3.3 Number of meetings/MoUs and or partnerships with identified strategic institutions	4	4	N/A	N/A
	3.4 Number of community and stakeholder workshops/meetings to promote significance of heritage resources	5	5	N/A	N/A

Performance Information Per Programme cont.

Programme 3. Public Engagement cont.

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PROGRAMME 3:					
Strategic objective	**Performance Indicator**	**Planned Target 2016/2017**	**Actual Achievement 2016/17**	**Deviation from planned target to Actual Achievement for 2016/2017**	**Comment on deviations**
Strategic Objective 7: Build SAHRA's brand internationally and locally through public awareness	3.5 Number of publications/papers on the heritage resources management developed	5	6	N/A	The Annual Performance Plan and Annual Performance Report are a requirement of the Medium Term Strategic Framework (MTSF)
	3.6 Number of marketing programmes implemented	5	10	N/A	Invitations were received from the DAC to exhibit and attend National celebrations and commemoration events

(G) Financial Information Report

Audit Outcomes Trends Analysis

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Year	Audit Opinion	Opinion on Pre Determined Objectives
2017	**Unqualified**	**Unqualified**
2016	**Unqualified**	**Unqualified**
2015	**Unqualified**	**Unqualified**
2014	**Unqualified**	Qualified
2013	Qualified	Qualified
2012	Disclaimer	N/A
2011	Qualified	N/A

Statement of Financial Position

	2017	2016
Assets		
Current Assets		
Receivables from exchange transactions	885 130	599 781
Cash and cash equivalents	33 948 995	33 830 387
Operating lease asset	874 192	883 208
Receivables from non-exchange transactions	-	25 000 000
	35 708 317	**60 313 376**
Non-Current Assets		
Investment property	23 399 079	16 419 503
Property, plant and equipment	21 597 388	23 103 481
Heritage assets	12 059 924	19 147 514
Intangible assets	581 067	570 382
Operating lease asset	19 153 409	18 261 185
	76 790 867	**77 502 065**
Non-Current Assets	76 790 867	77 502 065
Current Assets	35 708 317	60 313 376
Total Assets	**112 499 184**	**137 815 441**

Statement of Financial Position cont.

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Total Liabilities	16 530 900	14 506 564
Assets	112 499 184	137 815 441
Liabilities	-16 530 900	-14 506 564
Net Assets	**95 968 284**	**123 308 877**
Reserves		
Revaluation reserve	25 530 604	25 530 604
Accumulated surplus	70 437 673	97 778 273
Total Net Assets	**95 968 277**	**123 308 877**

Statement of Financial Position cont.

Liabilities		
Current Liabilities		
Operating lease liability	84 403	43 577
Payables from exchange transactions	4 862 321	3 216 585
Employee benefit obligation	209 433	220 802
Unspent conditional grants and receipts	3 564 520	3 058 917
	8 720 677	**6 539 881**
Non-Current Liabilities		
Operating lease liability	27 151	51 808
Other financial liabilities	2 855 650	2 829 260
Employee benefit obligation	4 927 422	5 085 615
	7 810 223	7 966 683
Non-Current Liabilities	7 810 223	7 966 683
Current Liabilities	**8 720 677**	**6 539 881**

Statement of Performance

Revenue	2017	2016
Permit Fees	34 350	29 850
Rental Income	1 908 102	1 799 036
Other Income	139 282	116 822
Interest Received	2 329 239	3 304 666
Government Grants	51 125 000	73 552 000
Donations	15 762	278 422
Total Revenue	**55 551 735**	**79 080 796**
Expenditure		
Provision for bad debts	(180 486)	(71 465)
Depreciation	(2 009 418)	(1 528 357)
Finance costs	(29 342)	(7 577)
General expenditure	(45 124 879)	(59 074 763)
Loss on disposal of assets	(33 815)	(454 346)
Repairs & Maintenance	(1 508 702)	(583 157)
Salaries & benefits	(34 005 690)	(32 154 518)
Total Expenditure	**(82 892 332)**	**(93 874 183)**
Operating (Deficit) /Surplus	**(27 340 597)**	**(14 793 387)**

Statement of Budget Comparison

	Approved Budget	Adjustments	Final Budget	Actual Amounts on comparable basis	Difference between final budget and actual
Statement of financial performance					
Revenue from exchange transactions					
Rental of facilities and equipment	2 405 000	(700 000)	1 705 000	1 908 102	203 102
Permit fees	32 000	13 000	45 000	34 350	(10 650)
Interest received on investments	267 000	3 000 000	3 267 000	2 329 239	(937 761)
Total revenue from exchange transactions	**2 704 000**	**2 313 000**	**5 017 000**	**4 410 973**	**(606 027)**
Revenue from non-exchange transactions					
Deferred Revenue	7 000 000	25 000 000	32 000 000	-	(32 000 000)
Government grants and subsidies	51 125 000	-	51 125 000	51 125 000	-
Total revenue from non-exchange transactions	**58 125 000**	**25 000 000**	**83 125 000**	**51 140 762**	**(31 984 238)**
Total Revenue	**60 829 000**	**27 313 000**	**88 142 000**	**55 551 735**	**(32 590 265)**
Expenditure					
Personnel	(35 655 000)	(121 000)	(35 776 000)	(34 005 690)	1 770 310
General expenses	(25 174 000)	(27 192 000)	(52 366 000)	(48 886 642)	(34 793 359)
Total expenditure	**(60 829 000)**	**(27 313 000)**	**(88 142 000)**	**(82 892 332)**	**5 249 668**
Surplus/shortfall				(27 340 597)	(27 340 597)
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	**(27 340 597)**	**(27 340 597)**

Expenditure Per Programme

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No of Program	Final budget	Actual Expenditure	Variance	% spend
	R ' 000	R ' 000	R ' 000	
Program 1. Admin	42 511	40 720	1 791	96%
Program 2. Heritage Resources Management	43 911	40 462	3 449	92%
Program 3. Public Participation	1 720	1 710	10	99%
Total	**88 142**	**82 892**	**5 250**	**94%**

Irregular Expenditure

	Amount R'000
Opening Balance	30 209 590
Irregular expenditure Current year	20 266 363
Less: Amounts condoned by the Accounting Authority	(1 293 617)
Total	**49 182 336**

Irregular Expenditure cont.

Procurement and Contract Management

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- Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

- Contracts were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of SCM system and non-performance, which is prescribed in order to comply with treasury regulation 16A9.2.

- An invitation for competitive bidding was not advertised for the required period, in contravention of treasury regulation 16A6.3(c).

- An invitation for competitive bidding was not advertised on the CIDB.

- Contracts and quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order, as required by treasury regulation 16A9.1(d) and the Preferential Procurement Regulations.

- Contracts and quotations were awarded to bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.

Condoned Irregular Expenditure

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- The condoned irregular expenditure cases includes an amount of R765 000 relating to the current year for contracts awarded without following proper procurement processes. Reasonable steps have been taken to confirm that such irregular expenditure did not result in any losses or damages to the entity and that the entity did obtain value from such a transaction and was condoned by Council.

- R528 000 relates to the prior year which was condoned by Council and as a result, the responsible official is suspended for gross negligence in performing duties. The disciplinary process is underway.

- The irregular expenditure of R49 million that relates to the contract awarded to the service provider in 2015 for the rehabilitation of Delville Wood memorial in France was condoned by the previous council. The Minister of Arts and Culture has requested the current Accounting Authority to commission an investigation of the irregular expenditure relating to this contract and the investigation is underway.

Journey towards a sustainable and compliant Finance & SCM Unit

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No	Action	Activities	Time Frames
1.	Create Capacity	Fast-track the filling of all vacant posts in Finance.	October 2017
		Obtain approval for the appointment of interns	September 2017
		Facilitate a SCM training for all Officials	November 2017
2.	Improve Turnaround times	Set up turnaround times for the provision of goods and services: Formal Quotations – 20 Days Bids – 30 days after the closing date	August

Journey towards a sustainable and compliant Finance & SCM Unit cont.

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No	Action	Activities	Time Frames
2.	Improve Turnaround times	Provide an annual calendar of the Bid Adjudication Committee.	September 2017
		Hold weekly meetings with SCM staff	Immediately
		Set up Panels where possible to enable swift procurement of repetitive needs.	March 2018
		Send reminders to Managers on target dates set in the Procurement Plans.	Monthly

Journey towards a sustainable and compliant Finance & SCM Unit cont.

No	Action	Activities	Time Frames
3.	Enhance systems and processes	Develop a tracking tool for monitoring turnaround times	Enhance systems and processes
		Review the current business processes, workshop them with all staff and publish them on ZIMBRA	
		Rotate SCM Officials in procuring for different Units	
		Solicit expert support for complex projects. Develop an MOU with DPW for the Execution of complex Construction Projects.	
		There is proper quality control of documents before submission for approval	
		Review the compliance checklists for their effectiveness	
		Produce monthly progress reports	

Journey towards a sustainable and compliant Finance & SCM Unit cont.

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No	Action	Activities	Time Frames
4.	Improve Communication	Hold monthly meetings with HR to discuss issues of common interest including the analysing of the compensation budget.	December 2017
		Explore the use of Tasks on Zimbra to communicate progress with our clients	
		Use the SAHRA Information newsletter to share information with clients	
		Initiate Monthly one on one meeting with Line Managers to enable better and balanced understanding of challenges.	

Journey towards a sustainable and compliant Finance & SCM Unit cont.

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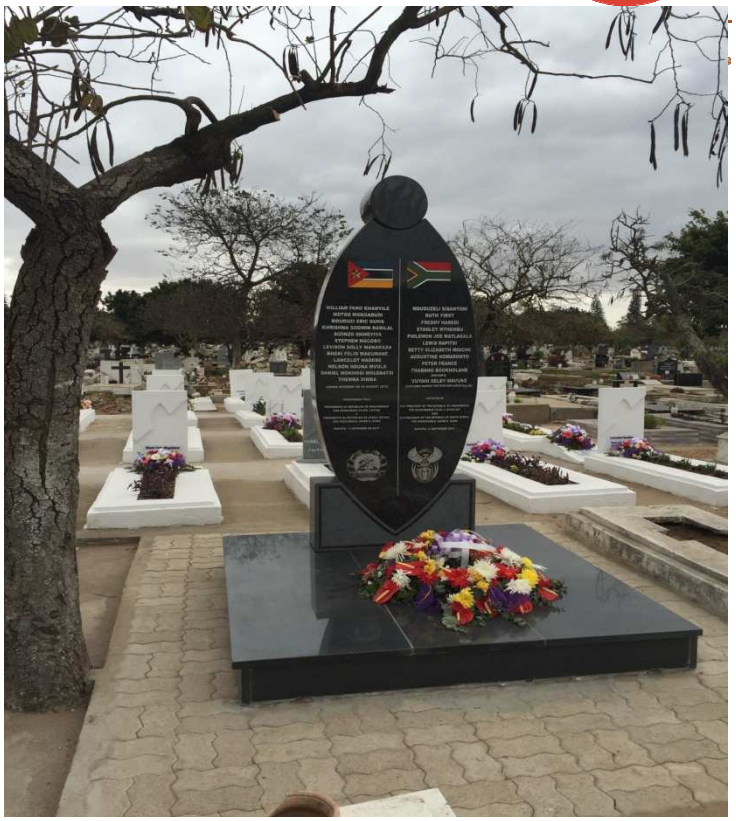
No	Action	Activities	Time Frames
5.	Improve Monitoring & Reporting	Hold weekly meetings with the SCM staff	Immediately
		Implement effective performance management of staff.	
		Improve the monthly, quarterly reports to EXCO, DAC, National Treasury and ARC.	
		Draft submissions for already uncovered irregular expenditure and fruitless expenditure.	
6.	Consequence management	Implement consequence management for any official involved in non compliance and incurrence of irregular expenditure	Immediately

I THANK YOU!



THANK YOU

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